

# PUBLIC DISCLOSURE

December 2, 2002

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens Bank of Massachusetts  
18562

28 State Street  
Boston, Massachusetts 02110

Massachusetts Division of Banks  
One South Station  
Boston, Massachusetts 02110

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution

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<sup>1</sup> The FFIEC has adopted a standard set of data tables, sequentially numbered 1-15, for use in every Large Bank CRA Public Evaluation. Any tables not included in this PE were excluded because the institution has not originated or purchased any loans in the relevant category during the period under review or did not elect to report consumer loan data.

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires the Division of Banks to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Citizens Bank of Massachusetts** prepared by the **Massachusetts Division of Banks**, the institution's supervisory agency, as of **December 2, 2002**. The Division evaluates performance in assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00*

**INSTITUTION'S CRA RATING:** Citizens Bank of Massachusetts is rated **Outstanding**.

The bank's overall CRA performance reflects a strong commitment to meeting the credit and community development needs of its assessment area. The bank's performance under the Lending, Investment, and Service Tests is summarized below.

### **Lending Test** – Outstanding

- A substantial majority of the bank's HMDA and small business loans are originated inside the assessment area.
- The bank has consistently been the top-ranked U.S. Small Business Administration (SBA) lender in Massachusetts.
- The geographic distribution of home purchase loans in low- and moderate-income census tracts within the assessment area over the entire period materially exceeded both the percentages of owner-occupied housing units in those tracts as well as the performance of the aggregate market. The geographic distribution of home improvement, refinance, and multi-family loans was similar to the demographics and the performance of the market.
- The geographic distribution of small business loans in low- and moderate-income tracts within the assessment area was generally better than the percentage of businesses within those tracts and the performance of the aggregate market.
- Home purchase lending to low- and moderate-income borrowers was exceptional when compared to the percentage of families in each category and the performance of the

aggregate market. The distribution by borrower income of home improvement and refinance loans was generally comparable to the demographics and the performance of the aggregate market.

- Lending to businesses with less than \$1 million in gross annual revenues exceeded the aggregate market performance in both 2000 and 2001.
- The bank has an excellent level of community development loan activity.
- The bank offers a variety of innovative and flexible lending programs that help make its products available to low- and moderate-income residents of the assessment area. Lending activity under many of these programs contributed to the bank's excellent performance in home purchase lending in low- and moderate-income areas and to low- and moderate-income borrowers.

**Investment Test** – Outstanding

- The bank's qualified community development investments consist of several equity investments, commitments to small business investment corporations, and charitable donations. The wide variety of projects supported and the level of the bank's commitment reflect an excellent responsiveness to the needs of the assessment area. The varying degrees of innovativeness and complexity among the investments are considered appropriate for an institution of this size.

**Service Test** – Outstanding

- The bank's product offerings, delivery systems, and business hours provide excellent accessibility to retail services for all segments of the assessment area, including low- and moderate-income areas and individuals.
- The overall level of involvement in community development services is excellent, with numerous bank employees serving in leadership roles in a variety of community organizations.

## ENDING, INVESTMENT, AND SERVICE TEST TABLE

The following table indicates the performance level of **Citizens Bank of Massachusetts** with respect to the lending, investment, and service tests.

| PERFORMANCE LEVELS        | <u>Citizens Bank of Massachusetts</u> |                 |              |
|---------------------------|---------------------------------------|-----------------|--------------|
|                           | PERFORMANCE TESTS                     |                 |              |
|                           | Lending Test                          | Investment Test | Service Test |
| Outstanding               | X                                     | X               | X            |
| High Satisfactory         |                                       |                 |              |
| Low Satisfactory          |                                       |                 |              |
| Needs to Improve          |                                       |                 |              |
| Substantial Noncompliance |                                       |                 |              |

## DESCRIPTION OF INSTITUTION

### ***General***

Citizens Bank of Massachusetts (CBM) is a \$20.7 billion financial institution headquartered at 28 State Street, Boston, Massachusetts. CBM is a subsidiary of Citizens Financial Group, Incorporated (CFG), a \$55.3 billion holding company headquartered in Providence, Rhode Island. CFG is owned by RBSG International Holdings Limited, a subsidiary of The Royal Bank of Scotland, plc. In addition to CBM, CFG owns five other independent state-chartered bank subsidiaries: Citizens Bank of Connecticut; Citizens Bank of Delaware; Citizens Bank of New Hampshire; Citizens Bank of Pennsylvania; and Citizens Bank of Rhode Island. Citizens Mortgage Company (CMC), a wholly-owned non-bank subsidiary of Citizens Bank Rhode Island, is an affiliate of CBM and processes most of CBM's residential purchase and refinance loans. CFG and CBM also own many other non-bank subsidiaries including an insurance company and several investment, realty, and leasing corporations.

CBM is a full-service financial institution with a primary market focus on providing credit, deposit accounts, and services to individuals and small businesses. The branch network comprises 232 full service branches, including 40 locations within the City of Boston and 99 locations inside supermarkets across Massachusetts. Please refer to the Service Test for additional detail about the branch network, as well as automated teller machines (ATMs) and branch openings and closings since the previous CRA evaluation.

CBM began operations in 1988 when CFG acquired Fairhaven Savings Bank, a \$268 million stock-converted mutual savings institution in the New Bedford area. This remained the bank's only presence in Massachusetts for four years. In 1992, CFG acquired the Plymouth Five Cents Savings Bank, a thrift institution that operated eight offices in Plymouth and surrounding towns. Thirteen months later, the bank acquired the Boston Five Cents Savings Bank, one of the state's oldest savings banks with 22 offices in the City of Boston and the surrounding suburban area. A few months later, the bank purchased Newworld Bank (originally Charlestown Savings Bank), another of the area's oldest savings banks, with 54 offices in Boston, the South Shore, and Cape Cod. In early 1995, the bank acquired Quincy Savings Bank, and in mid 1996, they acquired Grove Bank in Newton (Chestnut Hill). These two acquisitions provided the bank with additional offices on the South Shore, Boston, and the western suburban area along the Route 9 corridor. In 1998, the bank acquired Woburn National Bank and its five branch offices.

Since the previous CRA evaluation, CBM acquired USTrust, which had 87 branches throughout eastern Massachusetts, and Medford Bank, which had 18 branches concentrated in the northern suburbs of Boston. These acquisitions, along with the bank's agreement with Stop and Shop Supermarkets to maintain branch offices in all existing and new Stop and Shop supermarkets in the state, with the exception of those on Cape Cod, have enabled the bank to begin extending its services to the entire state of Massachusetts.

### ***Loan Portfolio***

As of September 30, 2002, CBM reported total loans and leases of \$11,259,506,000. Commercial and industrial loans account for the largest portion of the loan portfolio (39.81%), followed by loans secured by residential real estate (26.08%). The following table shows the

distribution among the various loan categories, with residential real estate broken down by loan type and security.

| Type of Loan                                                                                                                   | \$(000)    | % of Total |
|--------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| Loans secured by real estate:                                                                                                  |            |            |
| Construction and land development, and other land loans                                                                        | 100,026    | 0.89       |
| Secured by farmland (including farm residential and other improvements)                                                        | 490        | *          |
| Secured by 1-4 family residential properties:                                                                                  |            |            |
| Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit                      | 865,832    | 7.69       |
| Closed-end loans secured by 1-4 family residential properties:                                                                 |            |            |
| Secured by first liens                                                                                                         | 1,264,488  | 11.23      |
| Secured by junior liens                                                                                                        | 692,037    | 6.15       |
| Secured by multi-family (5 or more) residential properties                                                                     | 114,188    | 1.01       |
| Secured by nonfarm nonresidential properties                                                                                   | 1,768,989  | 15.71      |
| Loans to depository institutions and acceptances of other banks                                                                | 0          | 0          |
| Loans to finance agricultural production and other loans to farmers                                                            | 11,007     | 0.10       |
| Commercial and industrial loans                                                                                                | 4,482,172  | 39.81      |
| Loans to individuals for household, family and other personal expenditures (i.e., consumer loans) (including purchased paper): |            |            |
| Credit cards                                                                                                                   | 0          | 0          |
| Other revolving credit plans                                                                                                   | 32,836     | 0.29       |
| Other consumer loans (including single payment, installment, and student loans)                                                | 1,239,883  | 11.01      |
| Loans to foreign governments and official institutions (including foreign central banks)                                       | 0          | 0          |
| Obligations (other than securities and leases) of states and political subdivisions in the U.S.                                | 2,927      | 0.03       |
| All other loans (excluding consumer loans)                                                                                     | 84,982     | 0.75       |
| Lease financing receivables (net of unearned income)                                                                           | 599,649    | 5.33       |
| Total loans and leases                                                                                                         | 11,259,506 | 100.0      |

Source: Consolidated Report of Condition and Income, 9/30/2002

\*less than 0.01%

### **Credit Products**

Directly and through its affiliate, CMC, the bank provides the assessment area with a full array of credit products designed to help meet a wide variety of local needs. Several of the products have features specifically intended to meet the credit needs of low- and moderate-income homebuyers and small businesses. Those products are described in detail in the Innovative or Flexible Lending Practices section of this evaluation.

The wide variety of home mortgage credit products offered enabled CBM and CMC to achieve a combined 4<sup>th</sup> place rank and a 2.79% market share out of 632 lenders within the assessment area in 2000. In 2001, the two combined entities achieved a 6<sup>th</sup> place rank and a 2.73% market share out of 700 home mortgage lenders. In both 2000 and 2001, the higher-ranking lenders were primarily large national banks and large mortgage companies.

CBM's product mix and outreach efforts have also contributed to its consistent designation as the number one U.S. Small Business Administration (SBA) lender in Massachusetts. In 2001, CBM was awarded 637 approvals by the SBA, totaling more than \$40 million. In 2002, the bank received 995 approvals totaling more than \$42 million. CBM's number of approvals in 2002 was more than twice the number received by the number two lenders.

Additional information regarding the types of credit products offered by CBM and descriptions of those designed for low- and moderate-income individuals and small businesses are provided in the Innovative or Flexible Loan Products section of the Lending Test.

There are no legal or financial impediments that would prevent CBM from serving its community. The most recent CRA Evaluation, conducted jointly by the Massachusetts Division of Banks and the FDIC as of October 12, 1999, resulted in an "Outstanding" rating.

## DESCRIPTION OF ASSESSMENT AREAS

At the time of the prior evaluation, the bank's assessment area generally consisted of Metropolitan Boston, southeastern Massachusetts, and Cape Cod. In January 2000, the greater Lowell, Lawrence, and Haverhill areas of Massachusetts were added due to the bank's acquisition of USTrust. At the end of 2001, CBM added the remainder of the State to its assessment area, following the expansion of its branch network into Stop and Shop Supermarkets. Based on these two significant changes to the assessment area, the analyses of the bank's HMDA and small business lending performance in 2000 and 2001 are based on the assessment area in effect during that two-year period, which was generally eastern Massachusetts. The analysis of the bank's performance in 2002 is based on the current assessment area, which is the entire state of Massachusetts. Both the previous and the current assessment areas are in conformance with the CRA regulation. Please see Appendix A for a more detailed explanation of the scope and time periods covered by this evaluation.

Certain demographic information about the bank's assessment area is illustrated in the tables in Appendix F. The information in those tables is displayed separately for each geographical area within the assessment area. Explanations are provided below for the various geographical areas included in each of the two assessment areas. Certain demographic data for each assessment area as a whole are also illustrated in the tables within the following descriptions.

### **2000 – 2001**

The assessment area in effect from 2000 - 2001 included 109 municipalities, 107 of which are located in either the Boston Consolidated Metropolitan Statistical Area (CMSA), the Barnstable-Yarmouth Metropolitan Statistical Area (MSA), or the Providence-Fall River-Warwick MSA. The remaining two towns, Bourne and Falmouth, are located in a non-MSA portion of Massachusetts. The Boston CMSA portion of the assessment area included the entire Brockton and New Bedford PMSAs and portions of the Boston, Lawrence, and Lowell PMSA's. Explanations of the various designations of geographical areas including MSAs, PMSAs, and CMSAs are provided in Appendix A. Throughout this evaluation, the term MSA is often used as a general reference to a MSA, PMSA, or CMSA.

### ***Census Tracts and Income Levels***

The assessment area is composed of 1,003 census tracts. Census tracts are classified as low-, moderate-, middle-, or upper-income, based on 1990 Census data and median family income (MFI) figures for the applicable MSA. Low-income is defined as less than 50% of the MFI; moderate-income is at least 50%, but less than 80%; middle-income is at least 80%, but less than 120%; and upper-income is 120% or greater. Some census tracts have no income level assigned due to their unique characteristics that make it impossible for them to represent potential lending opportunities for financial institutions. For example, some tracts have no population or only institutionalized populations. These tracts are designated "NA" for income level purposes and have been excluded from the analyses in this evaluation. Of the 1,003 census tracts in the assessment area, 68 are low-, 233 are moderate-, 474 are middle-, and 205 are upper-income. The remaining 23 are "NA". These figures, as well as the percentage of total census tracts in the assessment area, are illustrated in the following table.

| <b>Number and Percentage of Census Tracts by Income Level for Entire Assessment Area</b> |                                |                                          |
|------------------------------------------------------------------------------------------|--------------------------------|------------------------------------------|
| <b>Income Category</b>                                                                   | <b>Number of Census Tracts</b> | <b>Percentage of Total Census Tracts</b> |
| Low-Income                                                                               | 68                             | 6.78                                     |
| Moderate-Income                                                                          | 233                            | 23.23                                    |
| Middle-Income                                                                            | 474                            | 47.26                                    |
| Upper-Income                                                                             | 205                            | 20.44                                    |
| NA                                                                                       | 23                             | 2.29                                     |
| <b>Total</b>                                                                             | <b>1,003</b>                   | <b>100.00</b>                            |

Of the low- and moderate-income tracts, 98.53% and 90.13%, respectively, are located within the Boston CMSA. By individual municipality, the largest concentrations of low- and moderate-income tracts are within the City of Boston, which accounts for 37, or 54.41%, of the low-income tracts and 76, or 32.62% of the moderate-income tracts. Other low- and moderate-income census tracts are located in the surrounding urban communities of Cambridge, Chelsea, Everett, Lynn, Revere, and Somerville, as well as the Cities of Brockton and New Bedford and the suburban communities of Waltham, Framingham, and Plymouth.

### **Population**

According to 1990 U.S. Census data, the assessment area has a total population of 4,541,974 residing in settings that range from Boston's highly urbanized neighborhoods to locations in the southern parts of Plymouth and Bristol Counties that are rural in character. The largest population concentration is the City of Boston, where its 574,283 residents account for 12.64% of the area's total population. The following table provides a breakdown of the population by geographic area.

| <b>Population of the Assessment Area</b>           |                  |
|----------------------------------------------------|------------------|
| Population by Geographic Area:                     |                  |
| <b>Boston CMSA (includes the following PMSAs):</b> | <b>4,143,671</b> |
| - Boston, MA-NH PMSA 1120                          | 3,220,340        |
| - Brockton, MA PMSA 1200                           | 236,409          |
| - Lawrence, MA-NH PMSA 4160                        | 240,037          |
| - Lowell, MA-NH PMSA 4560                          | 271,180          |
| - New Bedford, MA PMSA 5400                        | 175,705          |
| <b>Barnstable-Yarmouth MSA 0740</b>                | <b>134,930</b>   |
| <b>Providence-Fall River-Warwick MSA 6480</b>      | <b>211,698</b>   |
| <b>Non-MSA area (Barnstable County)</b>            | <b>51,675</b>    |
| <b>Total Population</b>                            | <b>4,541,974</b> |

### **Families and Income Levels**

The assessment area's population is made up of 1,144,477 family households, or families. As with census tracts, families are categorized as either low-, moderate-, middle-, or upper-income based on the MFI of the MSA. To help establish more updated income designations than those obtained in the 1990 U.S. Census, the Department of Housing and Urban Development (HUD) adjusts the MFI for each MSA annually to reflect the impact of inflation and other economic events. The following table illustrates the number of families from each MSA/PMSA/Non-MSA area within the assessment area, as well as the HUD-adjusted MFI for each area for 2000 and 2001. Please note that the Brockton, Lawrence, Lowell, and New Bedford PMSAs are part of the Boston CMSA and are generally not discussed separately in the analyses, but they do have different MFIs on which borrower income categories are based.

| <b>MSA Median Family Income Characteristics</b> |                  |                                |                                  |                     |             |
|-------------------------------------------------|------------------|--------------------------------|----------------------------------|---------------------|-------------|
| <b>MSA</b>                                      | <b>Families</b>  |                                | <b>Median Family Income</b>      |                     |             |
|                                                 | <b>Total MSA</b> | <b>Assessment Area Portion</b> | <b>Based on 1990 U.S. Census</b> | <b>HUD-Adjusted</b> |             |
|                                                 |                  |                                |                                  | <b>2000</b>         | <b>2001</b> |
| Barnstable MSA 0740                             | 38,511           | 38,511                         | \$38,054                         | \$47,700            | \$51,700    |
| Boston PMSA 1120                                | 797,071          | 794,985                        | \$48,688                         | \$65,500            | \$70,000    |
| Brockton PMSA 1200                              | 60,062           | 60,062                         | \$44,404                         | \$57,700            | \$61,300    |
| Lawrence PMSA 4160                              | 93,489           | 62,688                         | \$46,608                         | \$60,800            | \$64,100    |
| Lowell PMSA 4560                                | 72,019           | 69,484                         | \$48,398                         | \$64,900            | \$70,200    |
| New Bedford PMSA 5400                           | 47,274           | 47,274                         | \$33,927                         | \$43,600            | \$46,300    |
| Providence MSA 6480                             | 297,759          | 57,534                         | \$38,773                         | \$49,800            | \$52,800    |
| State non-MSA Area                              | 60,267           | 13,939                         | \$37,765                         | \$48,000            | \$50,500    |
| <b>Total</b>                                    | <b>1,466,452</b> | <b>1,144,477</b>               | <b>\$48,157</b>                  | <b>*</b>            | <b>*</b>    |

Source: 1990 U.S. Census data and HUD's 2000 and 2001 adjusted Median Family Incomes

\*Data unavailable.

Based on the MFI figures shown above, 19.58% of all families within the assessment area are low-income; 17.91% are moderate-income; 24.30% are middle-income; and 38.21% are upper-income. These figures, along with the number of families in each group, are illustrated in the table below. It should be noted that approximately 6.36% of all families in the assessment area are below the poverty level.

| <b>Number and Percentage of Families by Income Level for Entire Assessment Area</b> |                           |                                     |
|-------------------------------------------------------------------------------------|---------------------------|-------------------------------------|
| <b>Income Category</b>                                                              | <b>Number of Families</b> | <b>Percentage of Total Families</b> |
| Low-Income                                                                          | 224,081                   | 19.58                               |
| Moderate-Income                                                                     | 204,922                   | 17.91                               |
| Middle-Income                                                                       | 278,163                   | 24.30                               |
| Upper-Income                                                                        | 437,311                   | 38.21                               |
| <b>Total</b>                                                                        | <b>1,144,477</b>          | <b>100.00</b>                       |

The following table illustrates the distribution of families by census tract income level for the entire assessment area.

| <b>Number and Percentage of Families by Census Tract Income Level for Entire Assessment Area</b> |                           |                                     |
|--------------------------------------------------------------------------------------------------|---------------------------|-------------------------------------|
| <b>Census Tract Income Category</b>                                                              | <b>Number of Families</b> | <b>Percentage of Total Families</b> |
| Low-Income                                                                                       | 36,803                    | 3.22                                |
| Moderate-Income                                                                                  | 213,832                   | 18.68                               |
| Middle-Income                                                                                    | 624,869                   | 54.60                               |
| Upper-Income                                                                                     | 268,973                   | 23.50                               |
| <b>Total</b>                                                                                     | <b>1,144,477</b>          | <b>100.00</b>                       |

### ***Housing Units and Occupancy***

The assessment area contains a total of 1,869,865 housing units. The following table illustrates the breakdown of housing units by type.

| <b>Number and Percentage of Housing Units by Type for Entire Assessment Area</b> |                        |                                  |
|----------------------------------------------------------------------------------|------------------------|----------------------------------|
| <b>Type of Unit</b>                                                              | <b>Number of Units</b> | <b>Percentage of Total Units</b> |
| 1-4 Family Residential                                                           | 1,435,718              | 76.78                            |
| Multi-Family (5 or more units)                                                   | 400,973                | 21.44                            |
| Mobile Home or Trailer                                                           | 14,260                 | 0.76                             |
| Other                                                                            | 18,914                 | 1.01                             |
| <b>Total*</b>                                                                    | <b>1,869,865</b>       | <b>100.00</b>                    |

Source: 1990 U.S. Census data

\*Total Percentage may not add to 100 due to rounding

Owner-occupancy rates within the assessment area are also considered when analyzing the bank's performance. The following table illustrates the distribution by occupancy of the housing units within the assessment area.

| <b>Occupancy of Housing Units in Entire Assessment Area by Number and Percentage</b> |                        |                                  |
|--------------------------------------------------------------------------------------|------------------------|----------------------------------|
| <b>Occupancy</b>                                                                     | <b>Number of Units</b> | <b>Percentage of Total Units</b> |
| Owner-Occupied                                                                       | 993,708                | 53.14                            |
| Rental-Occupied                                                                      | 705,552                | 37.73                            |
| Vacant                                                                               | 170,605                | 9.12                             |
| <b>Total*</b>                                                                        | <b>1,869,865</b>       | <b>100.00</b>                    |

Source: 1990 U.S. Census data

\*Total Percentage may not add to 100 due to rounding

As shown in the table above, the majority of housing units in the assessment area are owner-occupied. Of the vacant housing units, a small proportion (3.22%) are boarded-up, and the remainder are either second homes or for sale.

Further analysis of the housing stock shows that the owner-occupancy rates in the low- and moderate-income census tracts are much lower than the rates in the middle- and upper-income tracts, which is an indication that demand for home mortgages may be low in those areas. This comparison is illustrated in the following table.

| Occupancy Rates by Census Tract Income Level |               |                 |               |               |
|----------------------------------------------|---------------|-----------------|---------------|---------------|
| Occupancy                                    | Low-Income    | Moderate-Income | Middle-Income | Upper-Income  |
| Owner-Occupied                               | 11.48         | 30.02           | 58.08         | 71.84         |
| Rental-Occupied                              | 76.27         | 59.41           | 32.47         | 21.93         |
| Vacant                                       | 12.25         | 10.57           | 9.45          | 6.22          |
| <b>Total*</b>                                | <b>100.00</b> | <b>100.00</b>   | <b>100.00</b> | <b>100.00</b> |

Source: 1990 U.S. Census data

\*Total Percentage may not add to 100 due to rounding

The level of owner-occupancy also varies by the degree of urbanization. In the City of Boston, only 28.1% of all occupied housing units are owner-occupied, while in Brockton and New Bedford, owner-occupancy rates are 53.3% and 43.8%, respectively. These rates are significantly lower than the rates in suburban communities, which are as high as 80.0%.

### ***Housing Prices, Rents, Age - based on 1990 U.S. Census Data***

The median housing value in the assessment area is \$182,580. The Boston PMSA has the highest median value with \$184,019, followed by the Non-MSA portion of the assessment area with \$169,427, and the Barnstable MSA with \$168,653. The New Bedford PMSA has the lowest median value at \$131,071. Median rents range from \$669 in the Barnstable MSA to \$414 in the New Bedford PMSA. The Boston PMSA has a median rent of \$648.

More current information on housing prices is provided in the *Updated Economic and Housing Data* section following the description of the 2002 assessment area.

### **2002**

With the addition of the western portion of Massachusetts, the current assessment area comprises the entire state. This area is made up of 300 cities and towns, 211 of which are within the Boston CMSA. Of the remaining 89 municipalities, 10 are within the Barnstable-Yarmouth MSA, 9 are within the Pittsfield MSA, 9 are within the Providence-Fall River-Warwick MSA, 27 are within the Springfield MSA, and 34 are in non-MSA portions of the State. The Boston CMSA portion of the assessment area includes all Massachusetts portions of the Boston, Fitchburg-Leominster, Lawrence, Lowell, and Worcester MSAs, as well as the entire Brockton and New Bedford MSAs.

### ***Census Tracts and Income Levels***

The assessment area includes a total of 1,331 census tracts. Based on income levels assigned using 1990 Census data, 91 of the census tracts are low-income, 280 are moderate-income, 665 are middle-income, and 263 are upper-income. The remaining 32 tracts are designated as "NA". As mentioned previously, these tracts present no lending opportunities for CBM, and therefore were excluded from the analyses in this evaluation. The following table details the number and percentage of census tracts within each income level category.

| Number and Percentage of Census Tracts by Income Level for Entire Assessment Area |                         |                                   |
|-----------------------------------------------------------------------------------|-------------------------|-----------------------------------|
| Income Category                                                                   | Number of Census Tracts | Percentage of Total Census Tracts |

|                 |              |               |
|-----------------|--------------|---------------|
| Low-Income      | 91           | 6.84          |
| Moderate-Income | 280          | 21.04         |
| Middle-Income   | 665          | 49.96         |
| Upper-Income    | 263          | 19.76         |
| NA              | 32           | 2.40          |
| <b>Total</b>    | <b>1,331</b> | <b>100.00</b> |

Similar to the previous assessment area, the majority of the low- and moderate-income tracts are within the Boston CMSA (81.32% and 83.93%, respectively). By municipality, the majority are within the City of Boston (50.00% and 32.34%, respectively).

### **Population**

According to the 1990 U.S. Census, the total population of the assessment area is 6,016,425. The following table provides a breakdown of the area's total population by geographic area.

| <b>Population of the Assessment Area</b>           |                  |
|----------------------------------------------------|------------------|
| Population by Geographic Area:                     |                  |
| <b>Boston CMSA (includes the following PMSAs):</b> | <b>4,756,141</b> |
| Boston, MA-NH PMSA 1120                            | 3,220,340        |
| - Brockton, MA PMSA 1200                           | 236,409          |
| - Fitchburg-Leominster, MA PMSA 2600               | 138,165          |
| - Lawrence, MA-NH PMSA 4160                        | 240,037          |
| - Lowell, MA-NH PMSA 4560                          | 271,180          |
| - New Bedford, MA PMSA 5400                        | 175,705          |
| - Worcester, MA-CT PMSA 9240                       | 474,305          |
| <b>Barnstable-Yarmouth MSA 0740</b>                | <b>134,930</b>   |
| <b>Pittsfield MSA 6320</b>                         | <b>92,684</b>    |
| <b>Providence-Fall River-Warwick MSA 6480</b>      | <b>224,744</b>   |
| <b>Springfield MSA 8000</b>                        | <b>596,775</b>   |
| <b>Non-MSA areas</b>                               | <b>211,151</b>   |
| <b>Total Population</b>                            | <b>6,016,425</b> |

### **Families and Income Levels**

The assessment area's population is made up of 1,525,198 families. The following table illustrates the number of families from each MSA/PMSA/Non-MSA area within the assessment area, as well as the HUD-adjusted MFI for each area for 2002. Again, those MSAs that are part of the Boston CMSA each have their own designated MFI, which are shown in the table.

| <b>MSA Median Family Income Characteristics</b> |                  |                                                |                                  |                          |
|-------------------------------------------------|------------------|------------------------------------------------|----------------------------------|--------------------------|
| <b>MSA</b>                                      | <b>Families</b>  |                                                | <b>Median Family Income</b>      |                          |
|                                                 | <b>Total MSA</b> | <b>Assessment Area (Massachusetts Portion)</b> | <b>Based on 1990 U.S. Census</b> | <b>HUD-Adjusted 2002</b> |
| Barnstable MSA 0740                             | 38,511           | 38,511                                         | \$38,054                         | \$56,500                 |

| <b>MSA Median Family Income Characteristics</b> |                  |                  |                         |                         |
|-------------------------------------------------|------------------|------------------|-------------------------|-------------------------|
| Boston PMSA 1120                                | 796,836          | 794,985          | \$48,688                | \$74,200                |
| Brockton PMSA 1200                              | 60,062           | 60,062           | \$44,404                | \$63,500                |
| Fitchburg PMSA 2600                             | 36,466           | 36,466           | \$39,550                | \$60,900                |
| Lawrence PMSA 4160                              | 93,535           | 62,688           | \$46,608                | \$67,400                |
| Lowell PMSA 4560                                | 72,019           | 69,484           | \$48,398                | \$75,200                |
| New Bedford PMSA 5400                           | 47,274           | 47,274           | \$33,927                | \$47,500                |
| Pittsfield MSA 6320                             | 25,338           | 25,338           | \$39,102                | \$50,400                |
| Providence MSA 6480                             | 297,759          | 61,243           | \$38,773                | \$54,100                |
| Springfield MSA 8000                            | 149,868          | 149,868          | \$38,096                | \$50,700                |
| Worcester PMSA 9240                             | 126,265          | 123,818          | \$42,220                | \$58,400                |
| State non-MSA Area                              | 55,461           | 55,461           | \$37,765                | \$52,100                |
| <b>Total</b>                                    | <b>1,799,394</b> | <b>1,525,198</b> | <b>\$44,637 (Mass.)</b> | <b>\$66,000 (Mass.)</b> |

Source: 1990 U.S. Census data and HUD's 2002 adjusted Median Family Incomes

Based on the MFI figures shown above, 19.62% of all families are low-income; 17.74% are moderate-income; 24.50% are middle-income; and 38.14% are upper-income. These figures, along with the number of families in each group, are illustrated in the table below. It should also be noted that approximately 6.74% of all families in the assessment area are below the poverty level.

| <b>Number and Percentage of Families by Income Level for Entire Assessment Area</b> |                           |                                     |
|-------------------------------------------------------------------------------------|---------------------------|-------------------------------------|
| <b>Income Category</b>                                                              | <b>Number of Families</b> | <b>Percentage of Total Families</b> |
| Low-Income                                                                          | 299,250                   | 19.62                               |
| Moderate-Income                                                                     | 270,530                   | 17.74                               |
| Middle-Income                                                                       | 373,651                   | 24.50                               |
| Upper-Income                                                                        | 581,767                   | 38.14                               |
| <b>Total</b>                                                                        | <b>1,525,198</b>          | <b>100.00</b>                       |

The following table illustrates the distribution of families by census tract income level for the entire assessment area.

| <b>Number and Percentage of Families by Census Tract Income Level for Entire Assessment Area</b> |                           |                                     |
|--------------------------------------------------------------------------------------------------|---------------------------|-------------------------------------|
| <b>Census Tract Income Category</b>                                                              | <b>Number of Families</b> | <b>Percentage of Total Families</b> |
| Low-Income                                                                                       | 53,360                    | 3.50                                |
| Moderate-Income                                                                                  | 260,057                   | 17.05                               |

|               |                  |               |
|---------------|------------------|---------------|
| Middle-Income | 869,517          | 57.01         |
| Upper-Income  | 342,264          | 22.44         |
| <b>Total</b>  | <b>1,525,198</b> | <b>100.00</b> |

### ***Housing Units and Occupancy***

The assessment area contains a total of 2,472,711 housing units. The following table illustrates the breakdown of housing units by type.

| <b>Number and Percentage of Housing Units by Type for Entire Assessment Area</b> |                        |                                  |
|----------------------------------------------------------------------------------|------------------------|----------------------------------|
| <b>Type of Unit</b>                                                              | <b>Number of Units</b> | <b>Percentage of Total Units</b> |
| 1-4 Family Residential                                                           | 1,922,280              | 77.74                            |
| Multi-Family (5 or more units)                                                   | 500,766                | 20.25                            |
| Mobile Home or Trailer                                                           | 24,116                 | 0.98                             |
| Other                                                                            | 25,549                 | 1.03                             |
| <b>Total*</b>                                                                    | <b>2,472,711</b>       | <b>100.00</b>                    |

Source: 1990 U.S. Census data

\*Total Percentage may not add to 100 due to rounding

Owner-occupancy rates within the assessment area are also considered when analyzing the bank's performance. The following table illustrates the distribution by occupancy of the housing units within the assessment area.

| <b>Occupancy of Housing Units in Entire Assessment Area by Number and Percentage</b> |                        |                                  |
|--------------------------------------------------------------------------------------|------------------------|----------------------------------|
| <b>Occupancy</b>                                                                     | <b>Number of Units</b> | <b>Percentage of Total Units</b> |
| Owner-Occupied                                                                       | 1,331,533              | 53.85                            |
| Rental-Occupied                                                                      | 915,577                | 37.03                            |
| Vacant                                                                               | 225,601                | 9.12                             |
| <b>Total*</b>                                                                        | <b>2,472,711</b>       | <b>100.00</b>                    |

Source: 1990 U.S. Census data

\*Total Percentage may not add to 100 due to rounding

As shown in the table above, the majority of housing units in the assessment area are owner-occupied. Of the vacant housing units, a small proportion (2.91%) are boarded-up, and the remainder are either second homes or for sale.

Further analysis of the housing stock shows that the owner-occupancy rates in the low- and moderate-income census tracts are much lower than the rates in the middle- and upper-income tracts, which is an indication that demand for home mortgages may be low in those areas. This comparison is illustrated in the following table.

| <b>Occupancy Rates by Census Tract Income Level</b> |                   |                        |                      |                     |
|-----------------------------------------------------|-------------------|------------------------|----------------------|---------------------|
| <b>Occupancy</b>                                    | <b>Low-Income</b> | <b>Moderate-Income</b> | <b>Middle-Income</b> | <b>Upper-Income</b> |
| Owner-Occupied                                      | 11.05             | 30.31                  | 58.51                | 72.81               |
| Rental-Occupied                                     | 77.28             | 59.59                  | 31.95                | 20.75               |
| Vacant                                              | 11.68             | 10.10                  | 9.54                 | 6.44                |
| <b>Total*</b>                                       | <b>100.00</b>     | <b>100.00</b>          | <b>100.00</b>        | <b>100.00</b>       |

Source: 1990 U.S. Census data

\*Total Percentage may not add to 100 due to rounding

As stated earlier, the level of owner-occupancy also varies by the degree of urbanization. In the City of Boston, only 28.1% of all occupied housing units are owner-occupied, and in Brockton and New Bedford, owner-occupancy rates are 53.3% and 43.8%, respectively. These rates are significantly lower than the rates in suburban communities, which are as high as 80.0%.

### ***Housing Prices, Rents, Age - based on 1990 U.S. Census Data***

The median housing value in the assessment area is \$162,213. The Boston PMSA has the highest median value with \$184,019, followed by the Barnstable-Yarmouth MSA portion of the assessment area with \$168,653. The Pittsfield MSA has the lowest median value at \$114,108. Median rents range from \$669 in the Barnstable MSA to \$414 in the New Bedford PMSA. The Boston PMSA has a median rent of \$648.

### **Updated Economic and Housing Data**

More current economic and housing data were reviewed to help identify trends within the assessment areas over the evaluation period. As shown on the internet website [www.economy.com](http://www.economy.com), the largest employers in Massachusetts, each with over 10,000 employees, include Super Stop and Shop, Massachusetts General Hospital, Verizon Communications, Shaws Supermarkets, Harvard University, Fidelity Investments, State Street Corporation, CVS Corporation, Massachusetts Institute of Technology, Raytheon Company, University of Massachusetts Memorial Medical Center, Wal-Mart Stores, Inc., and FleetBoston Financial Corporation. While a number of these are retail, educational, and health care organizations, the State's most significant concentrations of employment are in financial services and technology firms. Therefore, the State's unemployment rates have generally increased over the last few years in accordance with the conditions of these two industries. The state's unemployment rate hit a 20-year low of 2.7% in the year 2000, then rose to 3.7% for the year 2001. The rate stood at 5.1% for the quarter ending September 30, 2002, the most recent period available.

A review of the unemployment rates for each MSA that is part of the bank's assessment area revealed an increasing trend consistent with that of the entire State. In 2000, the rates ranged from 2.2% in the Boston PMSA to 5.1% in the New Bedford PMSA. In 2001, the rates ranged from 3.2% in the Boston PMSA to 6.0% in the New Bedford PMSA. For the quarter ending September 30, 2002, the rates ranged from 3.0% in the Barnstable-Yarmouth MSA to 7.5% in both the Fitchburg-Leominster and Lawrence PMSAs.

Annual median home sales prices for single family homes and condominiums for each individual city and town within Massachusetts were obtained from *The Warren Group*. The following table illustrates the median prices for the various sections of Boston, as well as a selection of other cities within the Boston PMSA and the hub cities for the other MSAs/PMSAs within the bank's assessment area.

|                                 |
|---------------------------------|
| <b>Median Home Sales Prices</b> |
|---------------------------------|

| Geography                                                    | 2000      | 2001      | 2002      |
|--------------------------------------------------------------|-----------|-----------|-----------|
| <b>Sections of the City of Boston</b>                        |           |           |           |
| Central Boston                                               | \$349,000 | \$389,000 | \$380,000 |
| Allston                                                      | \$180,000 | \$230,000 | \$279,750 |
| Brighton                                                     | \$158,267 | \$198,000 | \$240,000 |
| Charlestown                                                  | \$334,000 | \$379,900 | \$400,000 |
| Dorchester                                                   | \$185,000 | \$225,000 | \$267,334 |
| East Boston                                                  | \$195,000 | \$238,450 | \$257,400 |
| Hyde Park                                                    | \$200,000 | \$240,000 | \$265,000 |
| Jamaica Plain                                                | \$229,006 | \$275,500 | \$312,900 |
| Mattapan                                                     | \$165,500 | \$198,000 | \$221,600 |
| Roslindale                                                   | \$224,000 | \$243,500 | \$299,200 |
| Roxbury                                                      | \$268,000 | \$276,500 | \$330,000 |
| South Boston                                                 | \$250,000 | \$259,690 | \$300,000 |
| West Roxbury                                                 | \$229,450 | \$265,000 | \$315,000 |
| <b>Select Cities in the Boston PMSA</b>                      |           |           |           |
| Cambridge                                                    | \$336,000 | \$359,950 | \$385,500 |
| Newton                                                       | \$450,000 | \$515,450 | \$520,000 |
| Quincy                                                       | \$203,000 | \$240,000 | \$280,000 |
| <b>Hub Cities of Other MSAs/PMSAs in the Assessment Area</b> |           |           |           |
| Barnstable                                                   | \$179,900 | \$230,000 | \$300,000 |
| Brockton                                                     | \$135,000 | \$162,750 | \$198,500 |
| Fitchburg                                                    | *         | *         | \$149,900 |
| Leominster                                                   | *         | *         | \$155,000 |
| Lawrence                                                     | \$118,000 | \$146,000 | \$185,000 |
| Lowell                                                       | \$125,000 | \$150,000 | \$169,900 |
| New Bedford                                                  | \$103,000 | \$118,000 | \$137,400 |
| Pittsfield                                                   | *         | *         | \$103,500 |
| Fall River                                                   | \$117,750 | \$131,950 | \$159,255 |
| Springfield                                                  | *         | *         | \$89,900  |
| Worcester                                                    | *         | *         | \$172,500 |

\*MSA was not part of the 2000 - 2001 assessment area.

As shown in the table above, the prices within the City of Boston were generally higher than in the other MSA cities, and the prices tend to be lower in the cities farthest away from Boston. The data in the table also show that the median sales prices have been steadily increasing over the period reviewed, which indicates that homeownership options have been dwindling for those with modest incomes.

### **Community Contacts**

To help identify the banking needs within the bank's assessment area, two contacts were made with community organizations in conjunction with this evaluation. In addition, seven contacts made within the last year with organizations in the bank's assessment area were reviewed. In general, the contacts stated that there is a need for more affordable housing and more assistance for first time homebuyers. A Lowell area contact stated that he would like to see more soft second mortgage programs; a Waltham area contact stated that it would

be helpful if banks offered reduced or no closing cost programs; and a Hyannis area contact stated that affordable housing is the greatest need on Cape Cod. One contact in Springfield stated that aside from home purchase loan programs, there is a need for renters' assistance programs that would help provide funds for the first month's rent and security deposit. A Northampton area contact stated that the community would benefit from low interest small business loan programs, better downpayment assistance programs for homebuyers, as well as more first time homebuyer products. Finally, a North Adams contact felt that more banks should offer Massachusetts Housing Finance Agency (MHFA) loan programs targeted toward providing homeownership options for low- and moderate-income individuals. As noted throughout this evaluation CBM offers products and services that address all of these needs.

### **Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (IBBEA)**

In conformance with the requirements of the IBBEA, this evaluation includes analyses of the bank's performance during each year in its entire assessment area, followed by a section of brief descriptions of the bank's performance within each metropolitan area in which the bank has branches. As allowed by IBBEA, separate analyses of the bank's performance within the MSAs in the assessment area that are part of the Boston CMSA are not required. The tables in Appendix E display the bank's lending data for the entire assessment area as well as each MSA portion for each year reviewed.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

The institution's Lending Test performance is rated an overall "Outstanding." The lending test evaluates the institution's record of helping to meet the credit needs of its assessment area by considering its home mortgage, small business, small farm, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: the volume of lending activity; the proportion of lending within the assessment area; the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area; the distribution of loans among borrowers of low-, moderate-, middle- and upper-income levels and businesses (including farms) of different sizes; the distribution of small business and small farm loans by loan amount at origination; the volume of community development lending; the use of innovative or flexible lending practices; fair lending, and loss of affordable housing. The following information details the data compiled and reviewed, as well as conclusions on the bank's performance.

#### **Scope of Evaluation**

Residential mortgage loans and small business loans originated during 2000, 2001 and year-to-date September 30, 2002 were included in the bank's performance. The bank did not report any small farm loans over the period. In addition, the bank did not choose to maintain the consumer loan data and that product line does not represent a significant portion of the total loan portfolio. Therefore, the evaluation does not include analyses of small farm and consumer loans.

To determine the amount of weight that should be placed on the two product lines analyzed, consideration was given to the number of loans CBM made in each category during the period reviewed and the percentage of total loans by dollar amount that each product line represents. By number of loans, CBM made 13,730 residential loans versus 7,274 small business loans over the period. Analysis of the loan portfolio as of September 30, 2002 revealed that commercial and industrial loans, which include small business loans, represented 39.81% of total loans, while residential loans accounted for 26.08% of total loans. These two factors are considered to balance out, and equal weight has been given to the bank's performance in the two areas throughout this evaluation.

The data used to evaluate the bank's residential and small business lending was derived from the HMDA/LAR (Home Mortgage Disclosure Act/ Loan Application Register) and the bank's CRA Disclosure Statement. Information from both CBM and its affiliate, CMC. HMDA data was considered in evaluating the residential lending performance of the bank's borrower distribution, geographic distribution, flexible or innovative lending practices. Small business data was derived from the Bank's CRA loan registers for the same time period. As per the Regulation, only information from CBM was used to evaluate the proportion of the bank's lending in the assessment area and its community development lending activities.

The lending data relied upon to assess the bank's performance are displayed in the tables in Appendix E of this report. There are separate tables for each year reviewed and each table includes data on the bank's activity in the entire assessment area as well as the individual MSA/PMSA/Non-MSA portions of the assessment area, as applicable, for each year. For comparison purposes, the tables also include relevant demographic data, and the 2000 and 2001 tables include data on the performance of the aggregate market for the respective year. As 2002 aggregate data is not yet available, the 2002 tables show no data for aggregate market lending. Further explanations of the data displayed in each table are provided within the following discussions.

### **Lending Activity – Citizens Bank of Massachusetts (CBM) only**

CBM displays an excellent responsiveness to the credit needs of the assessment area. Its wide array of competitive loan products and its significant outreach efforts have enabled the bank to maintain high overall lending levels. A substantial majority of the bank's home mortgage and small business loans were made inside the assessment area and provided direct benefits to the area's residents. The bank's assets totaled approximately \$20.7 billion as of September 30, 2002. Gross loans totaled \$11.3 billion representing 54.3% of total assets.

As of September 30, 2002 the net loan to deposit ratio was 72.8%. This ratio has decreased from 84.0 % on September 30, 2001. The decrease in this ratio is a result of net loans increasing by only 8.5%, while deposits increased by 25.2%. The decreasing loan-to-deposit ratio is the result of the bank's acquiring another institution as well as the bank's aggressive opening of new branches during the year. Therefore, the growth in deposits has outpaced the loan growth in the portfolio.

The bank's net loans and leases as a percent of assets, as reported in the September 30, 2002, Uniform Bank Performance Report (UBPR), was 56.3%. The peer group's net loan to asset ratio was 64.6%, placing the bank in the 22nd percentile. The bank's ratio is lower than the peer ratio, however, it should be noted that the UBPR determines a peer ratio based on similarly sized banks nationwide without regard to regional or state differences.

The following table illustrates the loans originated and purchased *only by CBM* by number and dollar amount inside *and outside* the entire assessment area in order to draw appropriate conclusions about the bank's lending activity in accordance with CRA standards.

| Distribution of Loans Inside and Outside CBM's Assessment Area |                 |   |         |   |       |                          |   |         |   |       |
|----------------------------------------------------------------|-----------------|---|---------|---|-------|--------------------------|---|---------|---|-------|
| Loan Category or Type                                          | Number of Loans |   |         |   |       | Dollars in Loans (000's) |   |         |   |       |
|                                                                | Inside          |   | Outside |   | Total | Inside                   |   | Outside |   | Total |
|                                                                | #               | % | #       | % |       | \$                       | % | \$      | % |       |
| Home Mortgage:                                                 |                 |   |         |   |       |                          |   |         |   |       |

|                      |               |             |            |            |               |                  |             |                |            |                  |
|----------------------|---------------|-------------|------------|------------|---------------|------------------|-------------|----------------|------------|------------------|
| 2000                 | 2,677         | 96.1        | 109        | 3.9        | 2,786         | 196,244          | 95.3        | 9,610          | 4.7        | 205,854          |
| 2001                 | 4,677         | 96.2        | 183        | 3.8        | 4,860         | 413,555          | 95.7        | 18,522         | 4.3        | 432,077          |
| YTD 2002             | 5,888         | 96.8        | 196        | 3.2        | 6,084         | 972,457          | 97.2        | 28,454         | 2.8        | 1,000,911        |
| <b>HMDA Subtotal</b> | <b>13,242</b> | <b>96.4</b> | <b>488</b> | <b>3.6</b> | <b>13,730</b> | <b>1,582,256</b> | <b>96.5</b> | <b>56,586</b>  | <b>3.5</b> | <b>1,638,842</b> |
| Small Business:      |               |             |            |            |               |                  |             |                |            |                  |
| 2000                 | 890           | 91.2        | 86         | 8.6        | 976           | 147,734          | 88.4        | 19,372         | 11.6       | 167,106          |
| 2001                 | 2,939         | 93.7        | 199        | 6.3        | 3,138         | 414,057          | 90.7        | 42,673         | 9.3        | 456,730          |
| YTD 2002             | 3,037         | 96.1        | 123        | 3.9        | 3,160         | 363,068          | 95.3        | 17,707         | 4.7        | 380,775          |
| <b>SB Subtotal</b>   | <b>6,866</b>  | <b>94.4</b> | <b>408</b> | <b>5.6</b> | <b>7,274</b>  | <b>924,859</b>   | <b>92.1</b> | <b>79,752</b>  | <b>7.9</b> | <b>1,004,611</b> |
| <b>Total</b>         | <b>20,108</b> | <b>95.7</b> | <b>896</b> | <b>4.3</b> | <b>21,004</b> | <b>2,507,115</b> | <b>94.8</b> | <b>136,338</b> | <b>5.2</b> | <b>2,643,453</b> |

Source: Citizens Bank of Massachusetts' 2000, 2001, and 2002 (as of 9/30) HMDA and CRA data.

### ***Residential Lending***

The bank's residential lending activity reflects an excellent responsiveness to the assessment area's credit needs. As shown in the table above, the bank originated over 96% of its residential loans within its assessment area for each year of the evaluation period. In addition, the bank significantly increased its volume of residential loans each year. The increase is attributed, in part, to the low interest rate environment in 2001, which caused many homeowners to refinance their mortgages. In addition, the growth of the bank and expansion of the assessment area into all portions of Massachusetts presented new lending opportunities in new markets over the period.

In 2000, CBM ranked 12<sup>th</sup> out of 750 HMDA reportable lenders in the assessment area. Citizens Bank originated 2,677 loans in the assessment area giving the bank a 1.5% market share. The top three lenders in the assessment area were Sovereign Bank with a 7.7% market share, Fleet National Bank with a 6.2% market share, and Countrywide Home Loans with a 4.0 % share of the market.

In 2001, CBM ranked 13<sup>th</sup> out of 781 HMDA reportable lenders in the assessment area. The bank originated 4,677 loans in the assessment area giving the bank a 1.3 percent share of the market. The top three lenders in the assessment area in 2001 were Washington Mutual Bank, FA with a 6.6 percent market share, Fleet National Bank with a 5.4 percent market share, and Countrywide Home Loans with a 5.0 percent market share.

## ***Small Business Lending***

CBM Small Business Loan Registers (SBLRs) were reviewed to determine the amount of credit extended within the assessment area. For purposes of this loan register, a small business loan is defined as “a loan with an original amount of \$1 million or less that is: secured by non-farm nonresidential properties; or commercial and industrial loans to US addressees, as defined in the FDIC Call Report Instructions.”

The bank’s small business lending activity reflects an excellent responsiveness to the assessment area’s credit needs. As shown in the preceding table, the bank originated 7,274 small business loans totaling just over \$1 billion over the period reviewed. Of these, 6,866 loans totaling \$924.8 million were originated to businesses within the bank’s assessment area, representing 94.4% by number and 92.1% by dollar volume. It was also noted that the bank’s volume of small business lending increased by 221% between 2000 and 2001. Management explained that the increase was the result of a conscious effort to grow the bank’s small business portfolio, which included doubling the size of its sales force to generate the additional business.

Overall, the bank’s residential and small business lending activity is considered outstanding.

## **Lending Volume - CBM and CMC**

For an overview of the lending volume inside the assessment area of CBM and CMC combined, please refer to Tables 1, 1a, and 1b in Appendix E. These tables detail the home mortgage, small business, and community development loans made by CBM and CMC by number and dollar amount inside the entire assessment area, as well as inside each CMSA/MSA/Non-MSA portion of the assessment area by product line and year. The loan data illustrated in these tables are the basis for the following portions of the Lending Test. The inclusion of CMC’s lending activity only affects the analyses of home purchase and refinance lending, as CMC does not process applications for home improvement or multi-family loans. Within the summaries of home purchase and refinance lending, the general term “bank” is sometimes used to refer to both entities combined.

## **Borrower Characteristics**

### **Lending to Borrowers of Different Incomes and Businesses of Different Sizes**

CBM and CMC’s residential and small business loans were further analyzed to determine the distribution of lending by borrower income level and business size. These analyses revealed a strong performance under this criterion.

## ***Residential Loans***

As explained under *Description of the Assessment Areas*, borrower income ranges are based on HUD's MFI figures for the appropriate MSA. For this portion of the evaluation, emphasis is placed on the bank's lending to low- and moderate-income borrowers. It should be noted that the bank's lending percentages in this section were calculated after eliminating loans for which no income was reported. Borrower income is not required to be reported for loans on multi-family properties, loans to bank employees or loans for which income was not verified. Therefore, the analyses provided below by loan purpose do not include a section for multi-family loans. The other instances in which income is not required to be reported typically represent nominal portions of a bank's total loans, but it should be noted that in 2002, 23.58% of CBM and CMC's home purchase loans inside the assessment area had no reported income. Management provided the explanation that the majority of those loans were originated under a program that does not require income verifications.

Tables 8 through 10b detail the distribution of home loans by borrower income for 2000, 2001, and 2002 (through September 30) by loan purpose. For comparison purposes, the tables also include the percentage of families that fall within each income category in the applicable assessment area, as well as aggregate data for 2000 and 2001.

Analyses of the bank's residential lending as a whole by borrower income revealed the following. In 2000, CBM and CMC made 6.98 % and 20.23 % of all residential loans to low- and moderate-income borrowers, respectively. While the bank's lending to low-income borrowers falls short of the 19.58 % of all families in the assessment area who are low-income, it should be noted that the low-income category includes families living below the poverty level, who would be unlikely to qualify for residential mortgages. The percentage of families below poverty level is 6.36% for the 2000 and 2001 assessment area.

The bank's lending to moderate-income borrowers compares favorably to the 17.91% of all moderate-income families in the assessment area. When compared to aggregate data for 2000, the bank's performance was better in both categories. The market made 4.37 % to low-income borrowers and 14.39 % to moderate-income borrowers.

In 2001, the bank made 6.61% of loans to low-income borrowers, which again falls short of the percentage of low-income families, but the bank's lending at 19.69% of loans to moderate-income borrowers exceeds the 17.91% of moderate-income families. The bank's performance also compares favorably to the aggregate performance of 3.50% and 14.21% in the two respective categories. Finally, in 2002, the bank's lending fell slightly to 4.25% and 13.44% to low- and moderate-income borrowers, respectively, which is lower than the 19.62 % and 17.74 percent of low- and moderate-income families, respectively, in the 2002 assessment area. Despite the apparent decline in the bank's lending to low- and moderate-income borrowers in 2002, it is noted that the data does not cover the entire year and aggregate data is not yet available for comparison purposes. Therefore, more emphasis is placed on the bank's performance in 2000 and 2001.

#### *Home Purchase Loans – Tables 8, 8a, and 8b - CBM and CMC*

As depicted in Tables 8, 8a, and 8b, CBM and CMC's lending percentages in 2000, 2001, and 2002 to low-income borrowers (9.77%, 10.57%, and 7.37%, respectively), are

considerably less than the percentage of low-income families (19.58%, 19.58%, and 19.62%, respectively). However, as stated above, the percentage of low-income families in the assessment area includes families considered to be below poverty level, who are unlikely to qualify for residential mortgages. Further, given the high cost of housing within the assessment areas, the ability of a low-income family to qualify for or obtain a residential mortgage is limited.

The bank performed better than the aggregate market in home purchase lending to low-income borrowers in both 2000 and 2001. In 2000, the bank's 9.77% was double the aggregate's 4.87%, and in 2001, the bank's 10.57% was more than double the aggregate's 4.16%. These comparisons illustrate the bank's success at lending to this segment of borrowers despite the comparison to demographics (i.e., percentage of low-income families).

The bank's distribution of home purchase loans to moderate-income borrowers was also impressive over the period. During 2000, 2001, and 2002 CBM and CMC made 33.14%, 30.61%, and 26.22%, respectively, of all loans in the assessment area to moderate-income borrowers. These figures are much greater than the 17.91% of all moderate-income families in the 2000 and 2001 assessment area and the 17.74% in the 2002 assessment area. In addition, the bank outperformed the aggregate in lending to moderate-income borrowers. In 2000, CBM and CMC's loans at 33.14% were almost twice the aggregate performance of 17.11%, and in 2001, CBM and CMC's distribution of 30.61% was substantially higher than the aggregate distribution of 17.34%.

Market rank reports show that in 2000, CBM and CMC combined captured 5<sup>th</sup> place with a 3.25% market share to low-income borrowers in its assessment areas. In 2001, they ranked 2<sup>nd</sup> with a 5.54% market share to low-income borrowers. In lending to moderate-income borrowers, CBM and CMC combined captured 4<sup>th</sup> place with a 3.25% market share in 2000 and a 5<sup>th</sup> place rank with a 3.81% market share in 2001. Their consistently high rankings in these categories demonstrate the bank's commitment to and success at meeting the home purchase needs of low- and moderate-income residents of their assessment area.

More weight is given to the bank's performance in home purchase lending than home improvement, refinance, and multi-family lending, as the home purchase category most directly reflects the extent to which an institution is helping people throughout their assessment area attain homeownership.

#### *Home Improvement Loans – Tables 9, 9a, and 9b - CBM only*

The bank's distribution of home improvement loans to low-income borrowers in every year is well below the percentage of low-income families in the assessment area. However, as previously mentioned, many of these individuals are living below the poverty level, which makes home ownership difficult, thus reducing the potential number of families seeking home improvement loans. Despite this consideration, the bank's percentages still fall slightly below the aggregate market in both 2000 and 2001. While the bank made 4.97% and 5.30% of all

home improvement loans to low-income borrowers in 2000 and 2001, respectively, the aggregate market made 6.09% and 6.46% to the same segment, in the respective years. The bank's percentage fell slightly in 2002, to 5.07%.

The bank's home improvement lending to moderate-income borrowers also falls short of the percentage of moderate-income families in the assessment area and the performance of the aggregate lenders in each year. In the 2000 and 2001 assessment area, 17.91% of all families are moderate-income, while the bank made 12.84% and 13.10% of all loans to moderate-income borrowers in 2000 and 2001, respectively. The aggregate lenders made 17.56% and 16.83% of all loans to moderate-income borrowers in the two respective years. In 2002, the bank made 12.48% of all home improvement loans to moderate-income borrowers, while 17.74% of the families in the assessment area fall into the moderate-income category.

Despite the bank's apparent shortfalls in this loan category, its market rank and market share of low- and moderate-income borrowers were very good and indicate that the bank is successful at meeting the home improvement lending needs within their assessment area. In 2000, the bank ranked 3<sup>rd</sup> and had a 9.16% market share in home improvement lending to low-income borrowers and ranked 3<sup>rd</sup> with an 8.25% market share in lending to moderate-income borrowers. In 2001, CBM ranked 2<sup>nd</sup> with a 12.34% market share in lending to low-income borrowers and ranked 3<sup>rd</sup> with an 11.70% market share in lending to moderate-income borrowers.

#### *Home Refinance Loans – Tables 10, 10a, and 10b - CBM and CMC*

The bank's distribution of home refinance loans to low-income borrowers in each year was well below the percentage of low-income families, which was 19.58% in the 2000 and 2001 assessment area and 19.62% in the 2002 assessment area. (The bank made 6.78%, 5.79% and 3.46% respectively in its Massachusetts assessment area) A suggested explanation of this disparity has been given in the previous sections, and the trend is consistent with other HMDA reporters whose distributions are also well below the percentage of low-income families. Therefore, more consideration is given to how the bank performed against the aggregate. In this loan purpose category, the bank out-performed the aggregate in 2000 and 2001 in making home refinance loans to low-income borrowers. In 2000, CBM and CMC made 6.78% of all loans in this category while the aggregate market made 6.60%. In 2001, CBM and CMC made 5.79% of all loans to low-income borrowers while the aggregate market made 4.13%.

The bank's level of lending to moderate-income borrowers fluctuated over the period in relation to the percentage of moderate-income families in the assessment areas. In 2000, the bank made 16.36% of loans to moderate-income borrowers, which was slightly below the 17.91% of all families in the assessment area that are moderate-income. However, in 2001, CBM and CMC made 18.84% of its refinance loans to this income group. In 2002, the bank made 10.80% of all refinance loans to moderate-income borrowers, which is somewhat lower than the 17.74% of all families in the assessment area that are moderate-income. In comparison to aggregate data, the bank's performance again fluctuated. In 2000, the bank's

lending at 16.36% to moderate-income borrowers was lower than the aggregate performance of 20.59%, and in 2001, the bank's percentage of loans at 18.84% was higher than the aggregate lending of 17.18%.

A review of market rank reports revealed that CBM and CMC combined ranked 8<sup>th</sup> in refinances to low-income borrowers in 2000 with a 2.42% market share. In 2001, they ranked 5<sup>th</sup> with a 3.07% market share. For lending to moderate-income borrowers, CBM and CMC achieved a combined rank of 8<sup>th</sup> with a 1.88% market share in 2000 and a rank of 9<sup>th</sup> with a 2.41% market share in 2001. Despite the isolated instance in which the bank did not meet or exceed the aggregate market performance, the bank's consistent top-10 rankings demonstrate CBM's success at home refinance lending to low- and moderate-income borrowers.

Overall, the distribution of CBM and CMC's residential loans by borrower income is very good. The noted decrease in the bank's activity in 2002 in comparison with demographic data is a reflection of the expansion of the bank's assessment area. It is expected that it will take additional time for the bank to fully penetrate the lending markets in the western portion of the state.

### ***Small Business Loans***

#### ***Small Loans to Businesses – Tables 11, 11a, and 11b.***

Small business loans of different sizes were analyzed in two ways. First, the percentage of loans to businesses with gross annual revenues (GAR) less than or equal to \$1 million dollars versus those with revenues over \$1 million dollars was analyzed. As shown in Table 11, during 2000, 54.16% of CBM's loans were to businesses that had revenues of \$1 million dollars or less, indicating that the bank is focusing on the needs of small and medium-sized businesses. This is even more evident when the bank's performance is compared to the aggregate, which made 39.22% of all loans to businesses with GAR less than or equal to \$1 million. Please note that the aggregate market percentage is not reflected in the table, but was calculated using data in the "Aggregate Lending Data" column. In 2001, as shown in Table 11a, CBM's percentage of loans to businesses with GAR less than or equal to \$1 million decreased slightly to 45.08%, while the aggregate market's performance also fell slightly to 37.94%. In 2002, as shown in table 11b, the bank increased its lending again to 49.98%. Management attributes the fluctuations to the uncertainties of the economy over the period reviewed.

The second analysis focused on loan size. Loans under \$1 million dollars were considered. According to this analysis, 59.44%, 68.15%, and 73.95% of small business loans were made in amounts of \$100,000 or less in 2000, 2001, and 2002, respectively. Of note is the bank's increasing trend from 2000 to 2002. While not detailed in the tables, aggregate data shows that the market originated 86.50% of all loans in amounts less than or equal to \$100,000 in 2000 and 92.30% in this category in 2001. While the bank performed below the aggregate in both years, the bank's percentages are still very good.

Also supporting the bank's performance under this criterion is its number one ranking for SBA-approved lending in Massachusetts in 2001 and 2002. As described under the Innovative or Flexible Lending Practices section of this evaluation, the bank offers a variety of SBA loan programs, which are specifically designed to help meet the needs of small businesses. The level of activity the bank generates under these programs demonstrates their commitment to the needs of small businesses within the assessment area.

Based on the analyses detailed above, the bank's lending to small businesses is very good.

Overall, given the information and analyses above, the bank's lending to borrowers of different income levels, especially those of low- and moderate-income, and businesses of various sizes with small business loans, especially the very small business loans, reflects an excellent performance.

### **Geographic Distribution**

Lending activity within the assessment area was reviewed to determine the extent to which the bank was able to penetrate geographies of different income levels, particularly low- and moderate-income census tracts. Tables 2 through 5a-1 detail the distribution of home loans by census tract income level for 2000, 2001 and year-to-date September 30, 2002. For comparison purposes, aggregate data and the percentage of owner-occupied housing units in these geographies is included in the tables. The analyses revealed that the bank's performance under this criterion is very good.

## ***Residential Lending***

In 2000, CBM and CMC combined made 112, or 2.93%, of all residential loans in low-income tracts and 713, or 18.63%, of all residential loans in moderate-income tracts. The percentages compare favorably to the percentage of the assessment area's owner-occupied housing units that fall into each census tract income category of 0.88% and 11.93%, respectively. When compared to the aggregate market performance of 2.03% and 15.64% in low- and moderate-income tracts, respectively, the bank's performance was better in both categories. In 2001, CBM and CMC made 183, or 2.29% of all residential loans in low-income tracts and 1,356, or 16.94% in moderate-income tracts. Once again, this distribution compares favorably to the assessment area's percentage of owner-occupied housing units in each category. The distribution also indicates a better penetration than the aggregate, which made 1.40% of all residential loans in low-income tracts and 12.80% in moderate-income tracts. Finally, in 2002, the bank's performance of 1.86% and 13.76% of loans in the low- and moderate-income tracts exceeds the proportion of the assessment area's owner-occupied housing units that are in those tracts of 0.90% and 10.85%, respectively.

Further analyses were conducted of the geographic distribution of CBM and CMC's residential lending by loan purpose (home purchase, home improvement, refinance, and multi-family). Tables 2 through 5b illustrate the data utilized for these analyses, by purpose and year. Details of these analyses are provided below.

### ***Home Purchase Loans – Tables 2, 2a, and 2b - CBM and CMC***

As shown in Tables 2, 2a, and 2b, CBM's penetration in the low-income census tracts each year was significantly higher than the percentage of the assessment area's total owner-occupied housing units in those tracts. The bank's percentages of 6.06%, 5.77%, and 5.52% in 2000, 2001, and 2002, respectively, surpass the owner-occupancy rates of 0.88% for the 2000 and 2001 assessment area and 0.90% for the 2002 assessment area.

The bank's lending performance was also compared to that of the aggregate lenders which is considered more reflective of the true level of lending opportunities that exist within each census tract income category. This comparison revealed that the bank's lending percentages at 2000 and 2001 of 6.06% and 5.77%, respectively, were significantly higher than the aggregate performance of 2.14% and 2.11% in 2000 and 2001, respectively.

The lending activity in moderate-income census tracts was also analyzed. The activity in moderate-income census tracts also reflected higher percentages than the percentages for the total of owner-occupied housing units. The bank's percentage of loans at 31.61%, 31.20%, and 35.37%, respectively, are significantly higher than the percentage of owner-occupied properties of 11.93% for the 2000 and 2001 assessment area and 10.85% for the 2002 area. This further illustrates the bank's willingness and success in lending to all portions of its assessment area, particularly the moderate-income census tracts. When compared to the aggregate lenders, the bank greatly outperformed the competition, which collectively made 16.42% and 15.76% of all home purchase loans in moderate-income tracts in 2000 and 2001, respectively.

To help assess the bank's performance under this criterion, 2000 and 2001 market data was reviewed for lending in the low- and moderate-income census tracts within the assessment area. In 2000, CBM and CMC's combined home purchase loans in low-income census tracts accounted for a nearly 5% market share and a 4<sup>th</sup> place ranking. In 2001, CBM and CMC's combined home purchase loans in low-income census tracts accounted for a market share of 6.2% and a 3<sup>rd</sup> place ranking. In 2000, CBM and CMC's combined home purchase loans in moderate-income tracts resulted in a 3.34% market share and a 6<sup>th</sup> place ranking. In 2001, the combined loans in moderate-income tracts accounted for a 4.53% market share and a 5<sup>th</sup> place ranking. The bank's consistently high rankings for home purchase loans in low- and moderate-income census tracts help illustrate their strong performance in this area.

As stated under borrower characteristics, more weight is given to the bank's performance in home purchase lending than home improvement, refinance, and multi-family lending, as the home purchase category most directly reflects the extent to which an institution is helping people of all income levels attain homeownership.

#### *Home Improvement Loans – Tables 3, 3a, and 3b - CBM only*

As shown in Tables 3, 3a, and 3b, the bank's percentage of home improvement loans in the low-income census tracts each year is comparable to the percentage of owner-occupied properties located there. The bank's percentages were 0.96%, 0.75%, and 1.81% in 2000, 2001, and 2002, respectively, compared to owner-occupancy rates of 0.88% for the 2000 and 2001 assessment area and 0.90% for the 2002 assessment area. When comparing CBM's performance to the aggregate, the bank falls slightly below the percentages of the aggregate, which were 1.41% and 1.12% in 2000 and 2001, respectively.

Analysis of home improvement loans made in moderate-income census tracts revealed that the bank's performance was very similar to both the percentage of all owner-occupied housing units that are located in those tracts and the performance of the aggregate lenders. In 2000, the bank made 11.25% of all home improvement loans in the moderate-income tracts, compared to 11.93% of owner-occupied housing units and 12.13% of all home improvement loans made by the aggregate.. In 2001, the bank made 12.66% of loans in moderate-income census tracts compared to 11.93% of owner-occupied units within those tracts and aggregate performance of 12.47%. In 2002, the bank's lending percentage of 10.51% was again comparable to the 10.85% of all owner-occupied housing units in the assessment area.

Market ranks were taken into consideration to help assess the bank's performance in this area. In 2000, CBM ranked 4<sup>th</sup> in the low-income tracts with a 7.43% market share. In 2001, CBM ranked 3<sup>rd</sup> with a 9.15% market share. In the moderate-income tracts the bank ranked 2<sup>nd</sup> in 2000 with a 9.91% market share and ranked 2<sup>nd</sup> in 2001 with a 14.13% market share. While the bank's performance in this area appears average when compared to the demographics and aggregate performance, their consistently high market ranks illustrate their commitment to meet the home improvement needs of low- and moderate-income sections of the assessment area.

### *Home Mortgage Refinance Loans – Tables 4, 4a, and 4b - CBM and CMC*

An analysis of the bank's refinance loans was also conducted. The analysis revealed that CBM and CMC's percentage of refinance loans in the low-income census tracts was better than or similar to the percentage of the assessment area's owner-occupied housing units that are in those tracts. In 2000, CBM and CMC made 2.11% of all refinance loans in low-income tracts, which exceeds the 0.88% of owner-occupied housing units in those tracts. In 2001, CBM and CMC made 1.58% of all refinance loans in the low-income tracts, which also compares favorably to the 0.88% of owner-occupied housing units. In 2002, CBM and CMC made 0.86% of all refinance loans in the low-income tracts, which is just slightly below the 0.90% of owner-occupied housing units that are in those tracts. CBM and CMC's combined percentages in 2000 and 2001 were also slightly better than the performance of the aggregate market of 1.87% and 1.11%, in 2000 and 2001, respectively.

In comparison to the percentage of owner-occupied housing units that are located in the moderate-income tracts, CBM and CMC's combined lending in those tracts was better in 2000 and 2001, although slightly below the demographics in 2002. For the 2000 and 2001 assessment area, the percentage of owner-occupied units was 11.93%, while the bank made 14.35% and 13.05% of all loans in the moderate-income tracts in 2000 and 2001, respectively. In the 2002 assessment area, 10.85% of all owner-occupied housing units were in moderate-income census tracts, which exceeds the percentage of lending by CBM and CMC's of 8.20%. A comparison to aggregate market data revealed that in 2000, the bank's 14.35% of loans in moderate-income tracts was comparable to the market's 14.83%, and in 2001, the bank's 13.05% in moderate-income tracts was better than the market's 11.57%.

Again, market rankings were reviewed to help assess the bank's performance in this area. In 2000, CBM and CMC's combined refinance loans in low-income tracts resulted in a 2.61% market share and an 8<sup>th</sup> place ranking. In 2001, their combined refinancings resulted in a 3.00% market share and a 7<sup>th</sup> place ranking. In the moderate-income tracts in 2000, CBM and CMC's combined refinancings resulted in a 2.16% market share and a 9<sup>th</sup> place ranking. In 2001, the bank captured a 2.35% market share and ranked 8<sup>th</sup>. Again, while the bank's refinance activity in low- and moderate-income census tracts is quite good, the overall performance is enhanced by its market rank. Ranking among the top ten lenders is viewed positively, in light of the ever-increasing number of lenders in the market and the extremely high volume of refinancing activity that has taken place over the past few years in response to favorable mortgage interest rates.

### *Multi-family Loans – Tables 5, 5a, and 5b - CBM only*

As shown in Tables 5, 5a, and 5b, the bank originated only 7, 13, and 5 multi-family loans in 2000, 2001, and 2002, respectively. Based on the small number of originations, the bank's lending in this category is not given significant weight. However, an analysis of the bank's performance revealed that CBM's percentages were generally comparable to both the percentage of multi-family units in the low- and moderate-income tracts and the aggregate market performance.

## **Small Business Loans**

### *Small Business Loans – Tables 6, 6a and 6b - CBM only*

Tables 6, 6a, and 6b illustrate the distribution of small business loans by census tract income level. For comparison purposes, the percentage of total number of small businesses within each census tract income level and aggregate data is included in the tables. With one exception, the bank's percentage of loans in low- and moderate-income census tracts exceeded the percentage of small businesses in those tracts for each year, and exceeded the performance of the aggregate market for 2000 and 2001.

In 2000, CBM's percentage of small business loans in the low-income tracts (8.09%) compared favorably to the percentage of all businesses in those tracts (5.71%) and the aggregate performance of (4.67%). During the same year, CBM's percentage of loans in the moderate-income tracts (18.31%) again compared favorably to the percentage of all businesses in those tracts (15.09%) and the aggregate lender performance (14.23%). In 2001, CBM made 8.06% of all loans in the low-income tracts, which again was favorable in comparison to the 5.71% of all businesses in those tracts and the aggregate lender performance of 5.26%. The bank's 13.92% of all loans in the moderate-income tracts falls just below the 15.09% of all businesses and the aggregate market performance of 14.53%. In 2002, the bank's performance in the low- and moderate-income census tracts exceeded the percentage of all businesses in each of the two census tract income categories.

This analysis reveals the bank's willingness to lend to businesses in all portions of its assessment area, especially those in low- and moderate-income census tracts. The bank's slight shortfall in 2001 in the moderate-income tracts is not significant, and overall, the bank's performance in this category is considered strong.

In summary, the geographic distribution of the bank's HMDA and small business loans, particularly in low- and moderate-income census tracts, is considered very good.

## **Community Development Lending**

During the period reviewed, CBM originated a very significant level of qualified community development loans. The loans made in 2000, 2001, and 2002 (through December 2) are included in the Appendix E Tables 1, 1a, and 1b, respectively. The following table provides a summary of the various types of community development loans originated by CBM during the entire period reviewed.

| <b>Loan Type</b>   | <b>Number of Loans</b> | <b>Dollar Volume of loans</b> |
|--------------------|------------------------|-------------------------------|
| Affordable Housing | 27                     | \$33,924,000                  |

|                                 |    |              |
|---------------------------------|----|--------------|
| Community Services & Facilities | 16 | 19,871,837   |
| Stabilizing or Revitalizing     | 7  | 29,030,005   |
| Total                           | 50 | \$82,825,842 |

The category “Affordable Housing” includes loans for the purchase, refinance, or improvement of multi-family dwellings (with five or more units) that are considered affordable housing. The category also includes loans for temporary financing for construction of any residential dwelling that is considered affordable housing. “Community Services & Facilities” includes loans for community centers serving low- or moderate-income individuals and/or areas, as well as commercial loans greater than \$1 million, the proceeds of which were dedicated to community services targeted to low- and moderate-income individuals and/or areas. “Stabilizing or Revitalizing” includes commercial loans greater than \$1 million for projects in designated Empowerment Zones or Enterprise Communities and loans to non-profit organizations that in turn provide financing to small businesses.

Descriptions of the bank’s most significant qualified community development loans in the three categories are provided below.

### **Affordable Housing**

- \$6,171,000: Temporary financing for 22 duplexes for elderly affordable housing in Sudbury.
- \$4,127,000: To purchase five apartment buildings in Lynn. A majority of the 120 units qualify for Section 8 and operate under a Housing Assistance Payments (HAP) contract with HUD.
- \$3,424,000: To reconstruct a vacant school building in Watertown into a 64-unit assisted living facility, of which 72% of the units are considered affordable housing.
- \$2,628,000: Refinance of a construction loan used for development of 62 units of affordable elderly housing in Weston. The express purpose of the refinance was to reduce the interest rate, with a direct impact on maintaining the affordability of the rental units.
- \$2,575,000: A temporary construction loan for 42 units of affordable housing in Somerville.
- \$2,517,000: Temporary financing for development of 14 single-family and four 2-family affordable housing units in Boston.

### **Community Services & Facilities**

- \$5,052,834: A commercial real estate mortgage to a non-profit human services agency secured by properties used to house the agency’s various programs, such as day care, health care, employment and training, fuel assistance and elderly services, targeted to

low-income residents of Massachusetts.

- \$4,000,000: A \$2,000,000 commercial real estate mortgage plus a \$2,000,000 real estate revolving loan for the purpose of purchasing and developing properties into group homes for children and adults with severe mental and/or developmental disabilities.
- \$2,300,000: An unsecured term loan for leasehold improvements to headquarters of a child and family service agency located in Boston.
- \$1,200,000: A commercial real estate mortgage to a religious organization in a low-income area of Boston that provides numerous community services such as child care, a food pantry, temporary shelter, and housing and counseling services.

### **Stabilizing or Revitalizing**

- \$20,000,000: A 50% participation with Fleet National Bank for development of a mixed-use (retail and office space) property in the Mission Hill section of Boston. Pre-leased tenants include a health care center, a grocery store, and a drug store.
- \$5,000,000: To acquire an industrial development bond (IDB) issued by MassDevelopment, the purpose of which is land acquisition and construction of a new facility for a north-shore business. The development project is also supported by the U.S. Department of Housing and Urban Development (HUD) and a Community Development Block Grant.

### **Working Lines of Capital**

Working capital lines of credit to organizations whose primary mission meet the definition of community development. The bank made 35 loans in this category. Descriptions of a sample of the organizations are provided below.

- A daycare center serving primarily low-income families in several Greater Boston communities.
- A homeless shelter, provider of mental health, substance abuse, and employment counseling.
- A major inner-city Boston hospital. This hospital is the largest provider of free care in Massachusetts and recipient of the largest portion of the state's Uncompensated Care Pool.
- Urban zoo system, part of the Initiative for a Competitive Inner City, a corporate-sponsored initiative that intends to use the zoo as a catalyst for economic change in the surrounding low- and moderate-income areas.
- A job training and employment assistance center serving those who are currently low-income and others who have serious barriers to employment.

- An economic development corporation in Boston.

During the period reviewed, the bank extended eight letters of credit to serve as enhancement for tax-exempt bond issues where the underlying purpose had some degree of community development. The following are examples of the underlying purposes of these letters of credit.

- Construction of a residential carpenter training facility in Millbury.
- Leasehold improvements to a community health center in a moderate-income area of Boston.
- Construction of an assisted living facility in Concord with 16 of 78 units reserved for low- and moderate-income individuals.

In addition to the loans captured in the previous table as qualified community development loans, the bank originated numerous other loans that are given qualitative credit under this section of the evaluation. These loans are categorized as follows, with examples of each type provided.

Loans with community development purposes that are required to be reported on the bank's Home Mortgage Disclosure Act Loan Application Register (HMDA LAR) or CRA small business loan register because of their purpose, collateral, and/or loan amount. The bank made 22 loans that fall into this category during the period reviewed. Descriptions of a sample of these loans are provided below.

- Loan to refinance and renovate a 3-family home in Mattapan, leased to Section 8 recipients.
- Refinance of a commercial real estate mortgage used for construction of new Boys & Girls Club, with over 75% of members from low-income households.
- Purchase of real estate to be used for transitional housing for recovering alcoholic men.
- Purchase of real estate to be used as headquarters for a Community Development Corporation.
- Working capital line of credit secured by church building. The church serves primarily low- and moderate-income families and provides numerous community services.

## **Innovative or Flexible Lending Practices**

CBM and CMC offer an extensive variety of residential and commercial loan products. These include several first-time homebuyer products available to individuals in all income ranges, as well as other products tailored specifically to meet the needs of the area's low- and moderate-income residents. These programs feature discounted rates, flexible underwriting standards with housing- and debt-to-income ratios as high as 35% and 45%, respectively, and downpayments established in proportion to the borrowers' income. In addition, the bank offers a full array of government-guaranteed residential loans including those sponsored by the Federal Housing Administration (FHA), Department of Veterans Affairs (VA), and the Massachusetts Housing Finance Agency (MHFA), as well as commercial loans guaranteed by the U.S. Small Business Administration (SBA).

## **Residential Mortgage Programs**

Soft Second Programs –The bank offers two soft-second programs. One program is available to income-eligible borrowers in participation with the Massachusetts Housing Partnership (MHP). For properties in Boston, the program is offered through the Massachusetts Affordable Housing Alliance (MAHA). The soft second mortgage allows eligible borrowers to reduce the amount of the first mortgage on their property, thereby eliminating the need for private mortgage insurance. In addition, the interest rate of the first mortgage is set at the 30-year fixed rate with 2 points, but points are not charged to the borrower. The principal amount of the second loan is deferred, with interest-only payments for the first 10 years. A portion of the interest is supported by public funds for eligible borrowers.

A second program is also offered in conjunction with the MHP and has similar features to the Soft Second Program described above, but the purpose of the second mortgage is to cover the cost of rehabilitating the property being purchased.

Massachusetts Association of Community Organizations for Reform Now (ACORN) - CBM offers an affordable mortgage program through ACORN for low- and moderate-income homebuyers with below market rates, expanded ratios, and a low downpayment requirement. ACORN is a grassroots community organization of low- and moderate-income families working to improve their communities. ACORN works closely with the borrowers to provide homeowner education.

Appleseed – A fixed-rate mortgage refinance program for elder homeowners who are facing economic hardship after being victimized by mortgage scams. The program is jointly sponsored with the Ecumenical Social Action Committee's Appleseed Foundation. Poor credit is acceptable given extenuating circumstances. The program uses standard FNMA prices with a maximum LTV of 90%.

Non-Profit Purchase Program – Below market extended term financing for non-profit developers of affordable housing.

CMC CRA Flex - A 30-year fixed rate program for borrowers/co-borrowers whose household income is less than 80% of the median family income and/or properties in low- or moderate-income census tracts.

Homeownership Options for Massachusetts Elders (H.O.M.E.) Reverse Mortgage - Reverse annuity mortgages that allow elderly homeowners with limited incomes to remain in their homes.

Federal National Mortgage Association (FNMA) Flexible 100 - This is a 30-year fixed rate product designed for borrowers with good credit who want to make little or no downpayment for single-family, owner-occupied properties. Various options are available that allow either second mortgages on the property, with total loan-to-values up to 100%, or up to 10% in gift funds.

FNMA Community 100+ / Section 8 - This is a 30-year fixed rate products that allows borrowers to utilize Section 8 vouchers to support individual home mortgages. Allows monthly Section 8 voucher to be used in connection with calculating the borrower's underwriting ratios, with the potential result of either reducing the borrower's housing expense or supplementing the borrower's income.

FNMA Community Lending Homebuyer Programs - Five different fixed-rate options are available with variations in the length of the term and the amount of the downpayment required. The programs are designed to help eliminate the two primary barriers to homeownership for low- and moderate-income people: lack of funds for a downpayment and qualifying income.

FNMA HomeChoice 97 / Section 8 - Home mortgage loan program with flexibilities to accommodate recipients of disability income and Section 8 housing vouchers. Allows vouchers to be used towards home mortgage payments.

FNMA Fixed Rate Program for 2-3 Family Properties - This is a 30-year fixed rate product for borrowers purchasing owner-occupied 2-3 unit properties in central cities, low- or moderate-income census tracts, or areas where 2-3 properties have historically been the alternative to single-families. There are no income limitations.

FNMA House Boston - Jointly sponsored by Fannie Mae and the City of Boston for purchasers of one- to four-family properties. Program includes a grant from the City of up to \$5,000, depending on income, and offers flexible underwriting standards. A waiver of asset reserve requirements is allowed if the loan-to-value is less than 85%.

Massachusetts Housing Finance Agency (MHFA) Purchase and Rehabilitation Program This is a rehabilitation loan program available to first time homebuyers purchasing 1-4 family owner-occupied homes that are in need of repair, which can be used in conjunction with the MHFA First Time Homebuyer program detailed above. The rehabilitation program is a collaborative effort between the MHFA, municipal officials, local housing rehabilitation agencies, and mortgage lenders. A designated Local Rehabilitation Agency (LRA) administers the rehabilitation portion of the loan by providing financial counseling, property

inspection, and construction monitoring. The borrower pays the LRA a fee for their services depending on the amount of the rehabilitation loan, with a maximum fee of \$900, which can be financed.

MHFA First Time Homebuyer Program - This program created by the MHFA offers 30-year fixed rate mortgages to first time homebuyers for 1-4 family owner-occupied homes. Maximum housing- and debt-to-income ratios are 33% and 38%, respectively, which can be exceeded under certain circumstances.

MHFA / Federal Housing Administration (FHA) First Time Homebuyer Program - Loans originated under this program are insured by the FHA. Maximum housing- and debt-to-income ratios are 29% and 41%, respectively, and loan-to-values of up to 100% are allowed.

Unsecured Home Improvement Loan - A program designed to help meet the needs of low- and moderate-income minority homeowners and those who live in low- and moderate-income census tracts.

Federal Housing Administration (FHA) - The bank offers four FHA-sponsored programs for the purchase of owner-occupied primary residences.

Veterans Administration (VA) - The bank offers five VA-sponsored programs for veterans to purchase or refinance owner-occupied residences.

The following table details the number and dollar volume of loans made from January 1, 2000 through December 2, 2002 under the programs described above.

| Loan Product                              | Number of Loans | Amount       |
|-------------------------------------------|-----------------|--------------|
| Soft Seconds                              | 347             | \$47,771,922 |
| ACORN / FNMA ACORN                        | 301             | 65,581,175   |
| Appleseed                                 | 4               | 370,050      |
| Non-profit Purchase                       | 9               | 1,858,000    |
| CMC CRA Flex                              | 11              | 3,150,100    |
| H.O.M.E.                                  | 2               | 320,025      |
| FNMA Flexible 100                         | 18              | 3,654,205    |
| FNMA Community 100+ / Section 8           | 3               | 390,150      |
| FNMA Community Homebuyer                  | 2               | 120,400      |
| FNMA 97                                   | 4               | 662,790      |
| FNMA HomeChoice Section 8                 | 2               | 264,150      |
| FNMA Fixed Rate for 2-3 Family Properties | 19              | 4,824,550    |
| FNMA HouseBoston                          | 25              | 5,836,050    |
| MHFA - all programs                       | 320             | 55,933,532   |
| Unsecured Home Improvement Loan           | 2               | 10,000       |
| FHA                                       | 457             | 94,996,385   |
| VA                                        | 55              | 6,770,150    |

In addition to the programs described above, the bank offers two subsidy programs for first time homebuyers. Some participants of the programs described above also received these subsidies, which are detailed below.

Citizens Bank of Massachusetts Downpayment and Closing Costs Assistance - CBM provides a 1% grant to low- and moderate- income borrowers to assist with downpayment and closing costs. The bank funds \$150,000 in closing costs under this program annually. Over the period reviewed, CBM provided \$438,647 in subsidies for 224 loans under this program.

Boston Home Certificate Initiative – In cooperation with the Boston Department of Neighborhood Development's efforts to revitalize neighborhoods and increase homeownership, the bank agreed to discount closing costs by \$300 on eligible loans. Over the period reviewed, CBM provided this subsidy for 253 loans, for a total of \$75,900.

The following is a list of additional innovative and flexible residential programs offered, but under which no loans were made during the period reviewed.

Portfolio 5/1 ARM - Multi-State CRA Program - Offers a fixed rate for the first five years, then becomes a one-year adjustable rate.

Portfolio 5/1 ARM - Multi-State CRA Rehab Program - A construction/permanent rehabilitation program with a fixed rate for the first five years, then becoming a one-year adjustable rate.

Non-Profit Interest Only Construction - A short-term construction loan for non-profit organizations developing 1-4 family properties. Interest-only payments are collected on funds advanced during the construction period and the loan is paid in full at the end of the construction period.

FNMA HomeChoice 97 - Home mortgage loan program with flexibility to accommodate recipients of disability income. This program was just introduced in October 2002.

FNMA Community 100+ - This is a 30-year fixed rate product with no downpayment required for income-eligible borrowers. The borrowers must contribute the lesser of 1% of the sales price or \$500 of their own funds towards closing costs, prepaid items, and/or the downpayment.

Boston Federal Savings 5/1 Low/Mod - First Time Homebuyers Conforming Non-Convertible ARM - First time homebuyer program for low- and moderate-income people purchasing 1-3 family properties in Eastern Massachusetts. The program allows up to a 97% loan-to-value ratio for single-family homes if the 3% downpayment consists of the borrowers' own funds. Rental income on 2- and 3-unit properties is deducted from the mortgage payment when calculating debt-to-income ratios.

Finally, CBM participates in other innovative programs through their commitments to loan pools used for affordable housing and other community development projects. These programs are described below.

Massachusetts Housing Investment Corporation (MHIC) Limited Liability Corporation – CBM has committed \$4,000,000 to provide flexible below market construction financing for affordable housing development.

Boston Community Loan Fund (BCLF) - CBM has a \$2,400,000 commitment to this Community Development Financial Institution (CDFI) that provides loans to community development projects in low-income census tracts. Due to the nature of the projects supported by this fund, the individual loans were also given credit in the Community Development Lending section of this evaluation.

## **Commercial Lending Programs**

U.S. Small Business Administration (SBA) – CBM is a designated “Preferred” SBA lender and as mentioned previously, ranked number one among all SBA lenders in Massachusetts for the number of approved loans for the years ending September 30, 2001 and September 30, 2002. Over the period reviewed, the bank originated 1,061 SBA loans totaling \$67,134,976. The vast majority of those loans were made under the SBA Express Program. Descriptions of the Express program and other SBA programs the bank offers are provided below.

- SBA Express - Formerly known as Fastrak, this program was designed to help small businesses start, build, or grow. The primary benefit is a more efficient and streamlined loan review process for loans up to \$250,000.
- 7(a) Loan Guaranty - This program provides loans to small businesses unable to secure

financing on reasonable terms through normal lending channels. The bank funds the entire loan, with SBA guaranteeing up to 85%, depending on the loan amount and use of the loan proceeds.

- Certified Development Company (CDC) - This program provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. A typical project includes a loan secured with a senior lien from a private-sector lender covering up to 50% of the project cost, a loan secured with a junior lien from the CDC (backed by a 100% SBA-guaranteed debenture) covering up to 40% of the cost, and a contribution of at least 10% equity from the small business being assisted. The purpose of the project being funded must meet a public policy goal such as business district revitalization, expansion of exports, rural development, enhanced economic competition, restructuring because of federally mandated standards or policies, changes necessitated by federal budget cutbacks, or expansion of small business concerns owned and controlled by minorities, women, or veterans.
- SBA LowDoc - This program is designed to help start or grow a business by imposing minimal documentation requirements on the borrower and making a credit decision within 36 hours of application. Eligible businesses must not employ more than 100 people, average annual sales for the preceding three years must not exceed \$5 million, and the business and its owners must have good credit.
- Export Working Capital Program - This program is a joint effort between the SBA and the Export-Import Bank. The program encourages lenders to offer export working capital loans by guaranteeing repayment of up to \$1 million or 90% of a loan amount, whichever is less.
- CAPLines - This is the umbrella program under which the SBA helps small businesses meet their short-term and cyclical working capital needs. A CAPLines loan can generally be for any dollar amount, with the exception of a \$200,000 maximum for the Small Asset-Based Line, which allows waivers for some of the stricter servicing requirements, providing the business can consistently show repayment ability from cash flow for the full amount.

Quincy 2000 – The bank has a \$1,000,000 commitment and a 1/11<sup>th</sup> share in this loan pool, which promotes economic development by financing to traditionally unbankable small businesses in Quincy. The organization is a private, non-profit economic development corporation whose objective is to promote economic development that will enhance both the position and perception of Quincy as a desirable place to live, work, invest in, and visit. During the period under review, loans extended from the pool totaled \$646,900, of which CBM's portion is \$58,809.

Massachusetts Business Development Corporation – The bank has a \$1,304,000 commitment to this agency. These funds are used to provide longer term collateral-based funding for smaller manufacturing and distribution firms.

Downtown New Bedford, Inc. – Bank has committed \$250,000 to this revitalization fund, which provides below-prime financing with reduced fees for small business in New Bedford. During the period reviewed, the bank made two loans totaling \$600,000 under this program.

## **FAIR LENDING POLICIES and PRACTICES**

Citizens Bank's fair lending information was reviewed to determine how it related to the guidelines established by Regulatory Bulletin 2.3-101, the Division of Bank's Community Reinvestment and Fair Lending Policy.

The bank maintains a fair lending policy aimed at preventing illegal discrimination. The bank provides employees with training on the Equal Credit Opportunity Act. Citizens Bank's marketing efforts are conducted primarily through local television, radio, cable, newspaper and Internet advertisements that reach the entire assessment area. In addition, members of the bank are actively involved in the community which helps them to determine the credit needs of the assessment area.

The bank offers different types of flexible products that are effective in providing credit to those who would not qualify under conventional lending standards. Please refer to the "Innovative or Flexible Lending Practices" section under the lending test for a list of flexible products. Additionally, the bank has participated in several educational seminars that are detailed in the service test section of this report.

Citizens Bank has a second review system in place for all declined loan applications. The bank has internal control procedures to monitor and ensure the validity of HMDA data that is collected and reported.

Citizens Bank refers all loan customers whose home loan is delinquent to the appropriate credit counseling services available in the area. The bank has a staff that includes minority employees. In addition, the bank employs numerous individuals who speak different foreign languages.

### **Minority Application Flow**

Citizen Bank's 2000 and 2001 assessment area contains 4,541,974 individuals, 570,560 or 12.6 percent of whom are minorities. The assessment area's minority population is 0.2 percent Native American, 2.6 percent Asian, 5.0 percent Black, 4.3 percent Hispanic and 0.5 percent Other. The assessment area for 2002 includes the entire state of Massachusetts. This assessment area contains 6,016,425 individuals, or 12.0 percent of whom are minorities. The assessment area's minority population for 2002 is 0.2 percent Native American, 2.3 percent Asian, 4.5 percent Black, 4.6 percent Hispanic, and 0.4 percent Other.

A review of residential loan applications was conducted in order to determine the number of applications the bank received from minorities. The bank received 36,045 residential loan applications from within its assessment area. During this period, 7,377 applications or 20.4 percent were received from minorities. Of the 7,377 applications received, 3,790 or 51.4 percent resulted in originations. The bank's minority application flow appears to exceed the minority representation within its assessment area.

Refer to the following table for further details.

| MINORITY APPLICATION FLOW |                        |              |                        |              |                         |              |                    |              |
|---------------------------|------------------------|--------------|------------------------|--------------|-------------------------|--------------|--------------------|--------------|
| RACE                      | CBM & CMC<br>Data 2000 |              | CBM & CMC<br>Data 2001 |              | CBM & CMC<br>Data 2002* |              | CBM & CMC<br>TOTAL |              |
|                           | #                      | %            | #                      | %            | #                       | %            | #                  | %            |
| <i>Native American</i>    | 24                     | 0.3          | 68                     | 0.5          | 54                      | 0.4          | 146                | 0.4          |
| <i>Asian</i>              | 201                    | 2.6          | 441                    | 3.1          | 517                     | 3.6          | 1,159              | 3.2          |
| <i>Black</i>              | 592                    | 7.8          | 828                    | 5.9          | 673                     | 4.7          | 2,093              | 5.8          |
| <i>Hispanic</i>           | 579                    | 7.6          | 1,014                  | 7.2          | 1,087                   | 7.5          | 2,680              | 7.4          |
| <i>Joint Race</i>         | 112                    | 1.5          | 204                    | 1.5          | 262                     | 1.8          | 578                | 1.6          |
| <i>Other</i>              | 188                    | 2.5          | 268                    | 1.9          | 265                     | 1.8          | 721                | 2.0          |
| <b>Total Minority</b>     | <b>1,696</b>           | <b>22.3</b>  | <b>2,823</b>           | <b>20.1</b>  | <b>2,858</b>            | <b>19.8</b>  | <b>7,377</b>       | <b>20.4</b>  |
| <i>White</i>              | 4,558                  | 60.0         | 8,824                  | 62.9         | 9,391                   | 65.1         | 22,773             | 63.2         |
| <i>NA</i>                 | 1,337                  | 17.7         | 2,383                  | 17.0         | 2,175                   | 15.1         | 5,895              | 16.4         |
| <b>Total</b>              | <b>7,591</b>           | <b>100.0</b> | <b>14,030</b>          | <b>100.0</b> | <b>14,424</b>           | <b>100.0</b> | <b>36,045</b>      | <b>100.0</b> |

Source: CRA Wiz Software. \*year-to-date 09/30/02

An analysis was also performed comparing the bank's application flow levels in 2000 and 2001 to all other HMDA-reporting lenders. The comparison of this data assists in deriving reasonable expectations for the institution's minority application flow. This data indicated that the bank received 22.3 percent of its applications from minority applicants in 2000 compared to 9.4 percent for all other lenders. In addition, the bank received 20.1 percent of its applications from minority applicants in 2001 compared to 8.9 percent for all other lenders. Please refer to the following table for more information regarding the aggregate's minority application flow.

| MINORITY APPLICATION FLOW* |                        |               |                        |               |
|----------------------------|------------------------|---------------|------------------------|---------------|
| RACE                       | AGGREGATE DATA<br>2000 |               | AGGREGATE DATA<br>2001 |               |
|                            | #                      | %             | #                      | %             |
| <i>Native American</i>     | 544                    | 0.2%          | 1,221                  | 0.3%          |
| <i>Asian</i>               | 5,699                  | 2.1%          | 10,463                 | 2.2%          |
| <i>Black</i>               | 7,442                  | 2.7%          | 10,917                 | 2.3%          |
| <i>Hispanic</i>            | 6,436                  | 2.4%          | 10,178                 | 2.1%          |
| <i>Joint</i>               | 2,622                  | 1.0%          | 5,035                  | 1.0%          |
| <i>Other</i>               | 2,795                  | 1.0%          | 4,834                  | 1.0%          |
| <b>Total Minority</b>      | <b>25,538</b>          | <b>9.4%</b>   | <b>42,648</b>          | <b>8.9%</b>   |
| <i>White</i>               | 149,649                | 55.2%         | 285,516                | 59.2%         |
| <i>NA</i>                  | 96,148                 | 35.4%         | 153,931                | 31.9%         |
| <b>Total</b>               | <b>271,335</b>         | <b>100.0%</b> | <b>482,095</b>         | <b>100.0%</b> |

\*Source: PCI Services, Inc., CRA Wiz Software.

Citizens Bank's minority application flow compares favorably to the aggregate lending performance levels.

## **LOSS of AFFORDABLE HOUSING**

The bank's participation in community development projects and government lending programs, along with its development of credit products with flexible lending criteria has assisted low and moderate-income individuals to remain in their neighborhoods.

## **Conclusion – Lending Test**

As described above, CBM's overall lending performance is excellent. The analyses of lending by geographic distribution and borrower characteristics revealed that CBM strives to help meet the credit needs in low- and moderate-income census tracts as well as the credit needs of low- and moderate-income people and small businesses. The bank's success in these areas is due largely to the wide variety of innovative and flexible residential and small business loan products they offer. In addition, the level of community development loans extended by the bank illustrates the bank's commitment to affordable housing, community services and facilities, and stabilizing and revitalizing low- and moderate-income areas. Based on these factors, the bank's rating under the Lending Test is "Outstanding".

## **INVESTMENT TEST**

Citizen's Bank of Massachusetts has invested in a wide variety of qualified community development initiatives, generally through the provision of direct equity investments and grants. Many of the bank's direct equity investments involve affordable housing, through securities backed by mortgages made to low- and moderate-income borrowers and through investments in local housing corporations. CBM has traditionally targeted its community development investments towards the low- and moderate-income and minority areas of Boston's inner-city neighborhoods; however, as it has expanded its assessment area to encompass all of Massachusetts, it has increased its efforts to make investments that benefit all of the State.

As shown in Table 14 in Appendix E, the bank is holding prior period investments throughout the entire assessment area of \$4,442,655. CBM also made \$85,178,331 in new investments during the current period, for a total of \$89,620,986 in qualified community development investments. Table 14 also shows unfunded commitments as of December 1, 2002 of \$19,191,804. If an investment or a commitment benefited or will benefit more than one MSA portion of the assessment area, it was included in the totals for each applicable MSA in Table 14. Of the bank's total investments as of December 1, 2002, \$78,199,381 is attributed to qualified community development equity investments, \$4,100,895 was invested in Small Business Investment Corporations (SBICs), and \$7,320,710 was granted to qualified community development organizations. The combined amount in equity and SBIC investments of \$82,300,276 represents 0.40% of CBM's total assets, 1.13% of total investments, and 3.07% of total equity capital as of September 30, 2002, the most recent quarter available. These ratios help demonstrate the bank's commitment to investing in community development initiatives.

The following table is provided to illustrate the level of the bank's grants made during each year reviewed, with comparisons to the bank's pre-tax net operating income (NOI) for the appropriate period.

| <b>Year</b> | <b>Number</b> | <b>Dollar Amount</b> | <b>NOI</b>    | <b>%</b> |
|-------------|---------------|----------------------|---------------|----------|
| 2000        | 215           | \$4,204,507          | \$231,768,000 | 1.81     |
| 2001        | 206           | \$1,482,863          | \$292,342,000 | 0.51     |
| 2002*       | 185           | \$1,633,340          | \$302,126,000 | 0.54     |
| Total       | 606           | \$7,320,710          | ---           | ---      |

\*A limited number of grants made between 9/30/02 and 12/2/02 were included, but the comparison was made to NOI as of 9/30/02, the most recent quarter available.

The comparisons made above and the variety of initiatives the bank supports are indicative of the bank's high level of commitment to community development activities. The specific investments made in the equity, SBIC, and grant categories are described below.

## Equity Investments

|                                                            |                                                                                                                           |
|------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| <b>Massachusetts Housing Investment Corporation (MHIC)</b> | <b>New investment: \$6,578,314</b>                                                                                        |
|                                                            | Prior period investment: \$3,242,655<br>Current total commitment: \$21,775,600<br>Current unfunded commitment\$11,954,631 |

MHIC is a non-profit corporation created in 1990 by banks in Massachusetts to help expand the financing of affordable housing in low- and moderate-income communities throughout the state. Financing of projects includes equity financing through the sale of limited partnership interests in projects eligible for low income housing tax credits. These equity investments are made through the Massachusetts Housing Equity Fund under Massachusetts Housing Equity Fund, Inc. (MHEF), an MHIC subsidiary. MHEF is the general partner and individual financial organizations in Massachusetts serve as limited partners in the equity fund partnership. Each limited partner purchases investment units (i.e. one unit for \$2,000,000) in the partnership and enters into an installment agreement obligating the partner to pay the unit commitment to the partnership over an eight-year period. In return, the partnership invests the funds in various low-income housing improvement projects to derive tax benefits for the partners. Each year a new partnership fund is created and the bank may elect to make a new commitment payable over a seven or eight year period. Since the last examination, CBM has continued to support MHIC by committing \$10,380,000 in new equity to MHEF (\$4,260,000 in 1999 plus \$3,060,000 in both 2000 and 2001), of which \$2,729,964 has been funded. In addition to the amounts funded of these new commitments, CBM funded \$3,848,350 towards prior commitments, for a total amount of \$6,578,314 funded during the evaluation period.

The following table shows the amounts committed and funded by CBM for each fund year.

| <b>Partnership Fund</b> | <b>Partnership Units Purchased</b> | <b>Total commitment</b> | <b>Funded as of current exam</b> | <b>Remaining commitment</b> |
|-------------------------|------------------------------------|-------------------------|----------------------------------|-----------------------------|
| 1993-1994               | 2                                  | \$2,875,600             | \$2,833,005                      | \$42,595                    |
| 1995                    | 1                                  | \$1,420,000             | \$1,245,000                      | \$175,000                   |
| 1996                    | 1                                  | \$1,420,000             | \$1,033,000                      | \$387,000                   |
| 1997                    | 1                                  | \$1,420,000             | \$705,000                        | \$715,000                   |
| 1998                    | 2                                  | \$4,260,000             | \$1,275,000                      | \$2,985,000                 |
| 1999                    | 2                                  | \$4,260,000             | \$459,600                        | \$3,800,400                 |
| 2000                    | 3                                  | \$3,060,000             | \$2,270,364                      | \$789,636                   |
| 2001                    | 3                                  | \$3,060,000             | \$0                              | \$3,060,000                 |
| <b>Total Activity</b>   | <b>15</b>                          | <b>\$21,775,600</b>     | <b>\$9,820,969</b>               | <b>\$11,954,631</b>         |

With the help of CBM's investments over time, MHIC has invested or committed \$556 million to finance 8,577 housing units in 189 projects throughout Massachusetts.

|                                        |                                               |
|----------------------------------------|-----------------------------------------------|
| <b>Access Capital Strategies (ACS)</b> | <b>Current period investment: \$1,000,000</b> |
|                                        | Prior period investment: NA                   |

|  |                                                                          |
|--|--------------------------------------------------------------------------|
|  | Current total commitment: \$1,000,000<br>Current unfunded commitment:\$0 |
|--|--------------------------------------------------------------------------|

ACS is a registered investment advisor that creates investment vehicles to provide and replenish pools of capital for community development activities. ACS purchased a wide range of community development securities on the secondary market, including securities backed by home mortgage loans, affordable rental housing loans, commercial real estate loans, and small business loans. CBM made a commitment of \$1,000,000 to ACS in 2001, all of which has been funded.

|                                  |                                                                                                           |
|----------------------------------|-----------------------------------------------------------------------------------------------------------|
| <b>Frederick Rubin Loan Fund</b> | <b>Current period investment: \$18,599</b>                                                                |
|                                  | Prior period investment: NA<br>Current total commitment: \$50,000<br>Current unfunded commitment:\$31,401 |

This is a micro-loan fund with six financial institution members in the MetroWest portion of Massachusetts. The fund is designed to foster economic activity and promote the development of small businesses in the MetroWest area by providing alternatives to the traditional methods of extending credit to small businesses. CBM has made a \$50,000 commitment to the fund, of which \$18,599 has been funded to date.

|                                                          |                                               |
|----------------------------------------------------------|-----------------------------------------------|
| <b>Massachusetts Housing Finance Agency (MHFA) Bonds</b> | <b>Current period investment: \$1,980,000</b> |
|----------------------------------------------------------|-----------------------------------------------|

CBM invested \$1,980,000 in MHFA Revenue Bonds. The investments are part of the single family housing revenue bond program that is designed to address the specific housing needs, within the Commonwealth of Massachusetts, for persons and families of low- and moderate-income.

|                       |                                               |
|-----------------------|-----------------------------------------------|
| <b>Osprey Lane LP</b> | <b>Current period investment: \$1,700,000</b> |
|-----------------------|-----------------------------------------------|

CBM invested \$1,700,000 in this low-income housing tax credit (LIHTC) partnership. The underlying project consists of 36 affordable housing units in Sandwich, Massachusetts.

|                                                                                    |                                               |
|------------------------------------------------------------------------------------|-----------------------------------------------|
| <b>Siochain I Rental Rehab Project / Neighborhood of Affordable Housing (NOAH)</b> | <b>Current period investment: \$1,141,894</b> |
|------------------------------------------------------------------------------------|-----------------------------------------------|

CBM invested \$1,141,894 in this LIHTC project where the underlying properties are two mixed-use buildings in East Boston. Eleven of the twelve residential units must be low- or moderate-income individuals or families.

|                                           |                                             |
|-------------------------------------------|---------------------------------------------|
| <b>Brockton Economic Development Bond</b> | <b>Current period investment: \$435,000</b> |
|-------------------------------------------|---------------------------------------------|

CBM invested \$435,000 in a bond issued for the purpose of developing a baseball stadium and conference center in Brockton, Massachusetts. The projects are considered to support revitalization and stabilization of a depressed area.

|                                |                                             |
|--------------------------------|---------------------------------------------|
| <b>Boston Bank of Commerce</b> | <b>Current period investment: \$300,000</b> |
|--------------------------------|---------------------------------------------|

CBM continues to maintain an investment of \$300,000 in the form of 1-year certificates of deposit in the Boston Bank of Commerce (BBOC), now known as One United Bank (One United), which is a minority-owned institution designated as a Community Development Financial Institution (CDFI).

|                               |                                             |
|-------------------------------|---------------------------------------------|
| <b>South End Credit Union</b> | <b>Current period investment: \$200,000</b> |
|-------------------------------|---------------------------------------------|

CBM holds its own \$100,000 certificate of deposit in this low-income credit union, and they maintain a second \$100,000 certificate of deposit held by the former USTrust Company.

|                                                                                    |                                                    |
|------------------------------------------------------------------------------------|----------------------------------------------------|
| <b>Federal National Mortgage Association (FNMA)<br/>Mortgage Backed Securities</b> | <b>Current period investment:<br/>\$56,129,717</b> |
|------------------------------------------------------------------------------------|----------------------------------------------------|

CBM purchased 16 FNMA-issued securities backed by affordable housing mortgage loans. The vast majority of the underlying home loans were made to low- and moderate-income borrowers for properties in Massachusetts.

|                                                                                    |                                                   |
|------------------------------------------------------------------------------------|---------------------------------------------------|
| <b>General National Mortgage Association (GNMA)<br/>Mortgage Backed Securities</b> | <b>Current period investment:<br/>\$3,186,996</b> |
|------------------------------------------------------------------------------------|---------------------------------------------------|

CBM purchased three GNMA issued securities backed primarily by loans to low- and moderate-income borrowers for properties in Massachusetts.

|                                                                                      |                                                   |
|--------------------------------------------------------------------------------------|---------------------------------------------------|
| <b>Federal Home Loan Mortgage Corporation<br/>(FHLMC) Mortgage Backed Securities</b> | <b>Current period investment:<br/>\$2,286,206</b> |
|--------------------------------------------------------------------------------------|---------------------------------------------------|

CBM purchased two FHLMC issued securities backed primarily by loans to low- and moderate-income borrowers in Massachusetts.

## Small Business Investment Corporations (SBICs)

A number of the bank's other investments were made through SBICs, which are privately owned and managed for-profit venture capital firms licensed by the SBA that make their own investment decisions. SBICs provide both the capital and management expertise that small companies need to create jobs, develop products and services, and grow over time. A summary of the new commitments and advances and the advances on prior commitments to the various SBICs made during the current examination period is provided below.

|                                           |                                              |
|-------------------------------------------|----------------------------------------------|
| <b>North Atlantic Venture Fund II, LP</b> | <b>Current period investment: \$300,000</b>  |
|                                           | <b>Prior period investment: \$1,200,000</b>  |
|                                           | <b>Current total commitment: \$1,500,000</b> |
|                                           | <b>Current unfunded commitment: \$0</b>      |

CBM advanced \$300,000 to this SBIC over the evaluation period, resulting in a fully funded commitment amount of \$1,500,000. The total commitment and prior period investments were made by two institutions acquired by CBM. North Atlantic Venture Fund II is administered by North Atlantic Capital Corporation. The purpose of the fund is to make investments in growth-oriented businesses to achieve above average returns on partners' capital.

|                                        |                                               |
|----------------------------------------|-----------------------------------------------|
| <b>First New England Capital 2, LP</b> | <b>Current period investment: \$380,827</b>   |
|                                        | <b>Prior period investment: NA</b>            |
|                                        | <b>Current total commitment: \$500,000</b>    |
|                                        | <b>Current unfunded commitment: \$119,173</b> |

CBM has committed \$500,000 to this fund and provided \$380,827 of the commitment in eight installments over the evaluation period. The partnership provides mezzanine and equity financing to small and mid-sized companies with a demonstrated ability to service debt, an experienced management team, and earnings projections that show the potential to achieve significant capital appreciation. The businesses are located in various states and conduct business in various industries.

|                                  |                                               |
|----------------------------------|-----------------------------------------------|
| <b>Zero Stage Capital VI, LP</b> | <b>Current period investment: \$235,879</b>   |
|                                  | <b>Prior period investment: NA</b>            |
|                                  | <b>Current total commitment: \$800,000</b>    |
|                                  | <b>Current unfunded commitment: \$564,121</b> |

CBM has an \$800,000 commitment to this SBIC, which provides financing, including mezzanine financing, for the start up of new businesses primarily in Massachusetts. Industry preference includes biotech, computer hardware and software, and energy. The majority of the portfolio investments are to start-up companies within the greater Boston area. CBM advanced \$235,879 towards its commitment during the period reviewed.

|                                                      |                                                                                                                                   |
|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| <b>Massachusetts Business Mezzanine Capital Fund</b> | <b>Current period investment: \$608,756</b>                                                                                       |
|                                                      | <b>Prior period investment: NA</b><br><b>Current total commitment: \$950,000</b><br><b>Current unfunded commitment: \$341,244</b> |

This fund is administered by the Massachusetts Business Development Corporation (MBDC), an SBIC. The fund is a limited liability company organized to provide debt and equity financing to commercial enterprises in Massachusetts. The bank has a \$950,000 commitment, of which \$608,756 was funded during the evaluation period.

|                                                    |                                                                                                                                     |
|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| <b>Massachusetts Business Capital Fund II, LLC</b> | <b>Current period investment: \$193,986</b>                                                                                         |
|                                                    | <b>Prior period investment: NA</b><br><b>Current total commitment: \$1,000,000</b><br><b>Current unfunded commitment: \$806,014</b> |

The fund is structured as a Limited Partnership and is administered by the MBDC, which is the General Partner and invested \$2,500,000. There are 13 Limited Partners, consisting of individual and institutional investors, each committing between \$250,000 and \$1,000,000. The fund makes \$250,000 - \$750,000 mezzanine investments in Massachusetts-based small businesses to stimulate economic growth and provide job creation and retention with a focus on low- and moderate-income areas and women- and/or minority-owned businesses. CBM committed \$1,000,000 to the fund in June 2001 and has advanced \$193,986 of its commitment to date.

|                               |                                                                                                                                       |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| <b>Marathon Investment LP</b> | <b>Current period investment: \$544,777</b>                                                                                           |
|                               | <b>Prior period investment: NA</b><br><b>Current total commitment: \$3,000,000</b><br><b>Current unfunded commitment: \$2,455,223</b> |

CBM has a commitment of \$3,000,000 to this fund, which provides mezzanine and other financing to established companies in Massachusetts. The fund invests in manufacturing, distribution, and specialty retail and service businesses that are profitable and have continuing growth opportunities. The bank made an advance of \$544,777 during the evaluation period.

|                      |                                                                                                                                     |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| <b>Axxon Capital</b> | <b>Current period investment: \$636,670</b>                                                                                         |
|                      | <b>Prior period investment: NA</b><br><b>Current total commitment: \$1,500,000</b><br><b>Current unfunded commitment: \$863,330</b> |

CBM is a limited partner for Axxon Capital, an SBIC that makes direct private equity investments in women- and minority-owned businesses. The bank committed \$1,500,000 to the venture capital fund in 2000, and as of year-end 2002, CBM has funded \$636,670 of their total commitment.

|                                                              |                                                                                                                                       |
|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| <b>South Eastern Economic Development Corporation (SEED)</b> | <b>Current period investment: \$0</b>                                                                                                 |
|                                                              | <b>Prior period investment: NA</b><br><b>Current total commitment: \$1,000,000</b><br><b>Current unfunded commitment: \$1,000,000</b> |

SEED is a non-profit regional small business financial corporation that provides loans for small businesses in Southeastern Massachusetts. SEED is certified by the SBA to package loans under the 504 Program. Funds are lent to small firms that are new or expanding, and which otherwise might not qualify for financial assistance. In 2002, CBM made a \$1,000,000 commitment to SEED Ventures, an SBIC, but no funds have been advanced to date.

## **Grants**

The bank's level of grants is considered significant given the fact that grants for the purpose of community development reflect the majority of the total charitable contributions made by the bank in the same time period. The majority of the grant recipients were organizations that provide affordable housing, financial literacy, homeownership education, and other community development services throughout its assessment area. A representative sample of these organizations is provided below.

**Massachusetts Housing Partnership (MHP) Fund** - This fund was established by State statute to ensure that consolidation within the banking industry does not adversely affect community-based affordable housing lending. Acquiring institutions must provide funding at a rate of 0.9% of the assets of the institution being acquired. The resultant dollar amount is then committed in the form of a line of credit to fund affordable housing projects. Each line of credit requires a ten-year commitment period and the bank is required to fund all loan requests made by MHP unless the bank has experienced a loss with the end loan borrower. As an alternative to providing a line of credit, institutions have the option of converting the amount to a direct grant to the fund. After acquiring USTrust in 2000, CBM chose this option and provided a grant of \$2,595,451 to the fund. The grant money was used to fund deferred-payment second mortgages at 0% interest for renovation of multi-family and single-room occupancy properties with five or more units.

**Center for Women and Enterprise** - CBM has provided financial support for the Center's "Making Your Money Work" program. The program was designed to meet the unique educational needs of very low-income women living in inner cities. The program introduces aspiring entrepreneurs to the basics of financial literacy, from developing a personal budget to understanding cash flow statements.

**Citizen's Housing and Planning Association (CHAPA)** - CHAPA is a non-profit umbrella organization for affordable housing and community development activities in Massachusetts. CBM made numerous grants to CHAPA for program support over the rating period, including a sizeable donation directed towards their homeownership training program.

**Inquilinos Boricuas en Accion (IBA)** - IBA manages an 800 unit Section 8 development located in a low-income section of Boston's South End. CBM provided a grant to support this organization's financial literacy education initiative.

**Massachusetts Association of Community Organizations for Reform Now (ACORN)** - This is a grassroots community organization of low and moderate-income families who have come together to improve their communities. ACORN focuses on the empowerment of low- and moderate-income people by identifying and researching community issues and developing direct action campaigns to resolve these issues. CBM made several donations to ACORN over the period reviewed.

**Massachusetts Association of Community Development Corporations (MACDC)** - The MACDC was established in 1980 as a trade association, which advances the work of non-profit community based development organizations (CDCs). MACDC helps its 66 member CDCs to develop housing, create jobs, provide services and increase the self-sufficiency of residents in urban and rural communities throughout Massachusetts. CBM made sizeable donations to MACDC for program support.

**Money Matters** - The bank has provided program support for this statewide financial education program.

**Organization for a New Equality (ONE)** - This organization works to provide opportunities to people historically excluded from the economic mainstream in the Greater Boston area. CBM made donations to support ONE's Welfare to Work Economic Literacy Program targeted towards low-income women and women of color.

**The Martin Luther King, Jr. Business Empowerment Center** - Located in Worcester, this center serves as an incubator and provides training, guidance, financing, and facilities to aspiring small businesses and minority entrepreneurs. CBM has committed to a sizeable donation to be paid over two years.

**Western Massachusetts Enterprise Fund** - Located in Greenfield, this fund supports low- and moderate-income business owners. The bank provided a grant for program support.

## **In-Kind Donations**

**Quincy Neighborhood Housing Services** - During 2000, 2001, and 2002, CBM donated free office space, with a total value of \$50,625, to this affordable housing organization.

**Quincy Interfaith Coalition** - During 2000, 2001, and 2002, CBM donated free office space, with a total value of \$23,000, to this social services organization that operates homeless shelters.

**Boston Community Capital** - CBM donated furniture valued at \$2,500 to this economic development organization in 2000.

**Action for Boston Community Development** - In 2002, CBM donated office space, with a value of \$1,000, for this organization's English as a Second Language training program.

### **Conclusion – Investment Test**

As described above, CBM has made significant financial investments in qualified community development activities within the assessment area. The majority of the equity investments support affordable housing projects and credit needs of small businesses, while the grants provided assistance to a wide variety of community-based initiatives targeted to low- and moderate-income areas and individuals. The range of different investment vehicles utilized illustrates the bank's efforts at seeking out innovative and complex investments in addition to those that are more common and easily obtained. There has been a notable increase in overall investment activity since the prior examination, which corresponds to the growth of the institution since that time and also illustrates management's efforts to attain excellence in its response to community needs.

Based on the increase in activity and the current overall level of investments, the bank is rated "Outstanding" under this Test.

## **SERVICE TEST**

As described in the following section, CBM provides a high level of both retail and community development services within its assessment area. The bank's delivery systems help make its retail services accessible to geographies and individuals of all income levels throughout its assessment area, and the bank tailors its services, including business hours, to the convenience and needs of its assessment area. Additionally, CBM's officers and employees at all levels have taken leadership positions in providing community development services throughout the assessment area.

### **Retail Services**

#### **Accessibility of Delivery Systems**

As stated earlier, the bank currently operates 232 full service branch offices distributed among the regions of its assessment area, including 40 locations throughout Boston and 99 supermarket branches. Of all 232 branches, 13, or 5.60%, are located in low-income census tracts, followed by 38, or 16.38% in moderate-income census tracts, 129, or 55.60% in middle-income census tracts, and 52, or 22.42% in upper-income census tracts. The distribution of branches by census tract category is approximate to the percentage of population within each category, and is considered quite good.

#### **Alternative Delivery Systems**

CBM has an extensive automated teller machine (ATM) network, including ATMs at each branch location, as well as 294 remote ATMs throughout Massachusetts. Of these remote ATMs, 20, or 6.8% are located in low-income census tracts and 50, or 17.0%, are located in moderate-income census tracts. All of the bank's ATMs are bilingual and are part of the SUM network, an alliance of banks that do not impose ATM surcharges on customers of other SUM-member banks.

CBM maintains a "Phone Bank" which is available 24 hours a day to supplement its branch hours for both personal and business customers. The "Phone Bank" encompasses both voice response units and live agents to accommodate customer preference. The "Phone Bank" provides convenient access to banking services including automated account information, which provides balance inquiries, the ability to make transfers and inquire about checks, deposits, and electronic transactions. Deposit accounts can be opened via the "Phone Bank" and customers can also obtain mortgage rate information and apply for a mortgage 24 hours a day through its Direct Mortgage 800 number. Callers can also apply for home equity loans, auto loans, and unsecured personal and home improvement loans. In addition, decisions on home equity loans are made within thirty minutes. All business customers have access to the same services described above.

CBM maintains a web-site ([www.citizensbank.com](http://www.citizensbank.com)) that provides detailed information about the bank's products and services. In addition, online banking is available to bank customers for the purpose of making balance inquiries, transfers, withdrawals, and electronic bill

payments. Customers can also e-mail bank representatives through links provided on the web-site.

Direct deposit services are provided for persons receiving government payments including social security and welfare benefits. All CBM branches also allow non-customers to cash welfare checks. An account relationship is not required; however, the consumer needs to furnish the bank with proper identification.

CBM is a participant in the Massachusetts Community and Banking Council's (MCBC) Basic Banking Program. The purpose of the program is to encourage financial institutions to offer low-cost checking and savings accounts to help low-income people obtain banking services. The bank offers both checking and savings accounts that meet the program's guidelines. In addition, maintenance fees are waived on selected checking and savings accounts for individuals under 18 and over 62 years of age.

CBM continues to offer its "Bank at Work" package of banking benefits that saves both employer and employee time and money. Through this program, customers receive the convenience and security of payroll direct deposit, and the Citizens checking package, which is free of normal monthly service charges for one year.

Through its network of nearly 500 employees who speak languages in addition to English, the bank is able to conduct banking business in 42 different languages. All bank employees have access to the list of bilingual staff from their personal computers. Please see the Community Development Services section for additional detail on the bank's participation in English as a Second Language (ESL) programs.

In order to ensure that CRA issues play a role in every aspect of planning with respect to service delivery, the CRA Officer reviews and provides feedback to management on every new or modified product and service initiative. By meeting regularly with Marketing & Branch Administration employees, the CRA Officer is able to ensure that CRA issues are taken into account when plans are made to add or modify existing products and services.

## **Changes in Branch Locations**

The bank has a formal Retail Branch Closings, Openings, Consolidation, and Reductions in Service Policy. The policy outlines the factors to be considered before the decision is made to either open or close a branch office. In particular, the bank will address the impact the opening or closing would have on the community. The bank's CRA Officer is involved in all branch-closing decisions.

Since the last examination, 49 branches were closed. This was due primarily to the USTrust acquisition, which resulted in some areas having two branch offices located across the street from each other. Other events resulted in branch openings, such as the bank's 2002 contract to maintain branch offices in all Stop and Shop supermarkets in Massachusetts. Additionally, in October 2002, the bank acquired Medford Savings Bank and its branch network in the Greater Medford area. Information concerning the net branch closings and openings by geographic area since the last CRA evaluation is detailed in Table 15 in appendix E.

Of all branches closed, 10 were in low- and moderate-income (LMI) census tracts, and of all branches opened, 17 branches were in LMI census tracts. Therefore, the net effect of closings and opening for LMI census tracts was positive. Furthermore, two branch closings in low-income census tracts were in the downtown Boston area and involved a short walk to another branch office or had a remote ATM established to replace the closed office.

## **Reasonableness of Business Hours and Services in Meeting Assessment Area Needs**

Hours are considered convenient and are generally more favorable than those of other local institutions. Branch hours are established based on management's knowledge of the community and can be adjusted based on specific needs of the clientele served. Extended hours are provided in numerous locations in response to the banking needs of working families. The bank offers Saturday banking hours at the majority of its branches, and extended banking hours are available at many branch locations on Thursday and/or Friday until 6:00pm. The supermarket branches, plus 12 traditional branches, have extended hours Monday through Friday until 7:00PM, as well as Saturday and Sunday hours.

## **Community Development (CD) Services**

### **Involvement with Community Development Organizations**

Through its Community Development Services Program, CBM maintains contact with local government officials, neighborhood groups, community groups, business groups, and individuals in order to determine the effectiveness of the bank's system for delivering its banking services. Management personnel serve in leadership roles with non-profit and quasi-public organizations. These relationships provide essential feedback on the credit and service needs of its assessment area. Bank officers are encouraged to meet regularly with representatives of neighborhood-based organizations and local officials to ensure that open channels of communication are maintained and technical assistance is provided to encourage further dialogue about the types of credit and banking services the bank is, or could be, providing.

CBM currently provides a wide range of CD services through its outreach efforts, Board of Directors participation, focus groups, educational seminars, and the Citizens Sabbatical Program, all of which are detailed later in this section. Training and standard reporting forms have been developed to accurately track this information. Training on the purpose and use of this form has been provided and will be supplemented as needed. Senior management is being provided with summary reports at the CRA Senior Management Committee. This provides greater exposure of CD service activities and allows for the dissemination of new contacts and ideas.

The following table reflects the number of qualified CD organizations and the number of CBM employees that serve in leadership roles in these organizations. The increases in CD services over the period are partly due to the formation of the bank's Multicultural Resource Group that consists of diverse employees volunteering for community service. Through these activities, the bank's staff lends their technical expertise, experience, and judgment to these organizations. The majority of the bank's community development service activities take place at the branch level within each region.

| <b>CBM Community Development Group Involvement</b> |                                   |                         |                           |
|----------------------------------------------------|-----------------------------------|-------------------------|---------------------------|
| <b>Year Participated</b>                           | <b>Qualified CD Organizations</b> | <b>Number of Events</b> | <b>Citizens Employees</b> |
| 2000                                               | 39                                | 76                      | 22                        |
| 2001                                               | 120                               | 225                     | 87                        |
| *YTD 2002                                          | 127                               | 267                     | 105                       |

\*YTD September 30, 2002.

Examples of these qualified CD services are provided below.

**Viet-Aid:** The Chairman, President, and CEO of Citizens Financial Group chaired the capital campaign for Viet-Aid's Vietnamese Community Center, the first full service Vietnamese Community Center in the nation. The center is located in the Fields Corner section of Dorchester. The center is projected to serve 8,000 individuals and will house social services,

economic development activities, a senior drop in center, a day care center, and a cultural education center.

**MCBC:** The President (CEO) of CBM is Chairman of the Board of MCBC and a Vice President (CRA Officer) is the Treasurer of the Board. Both members were involved in a number of community education initiatives including the development of a predatory lending awareness campaign called “Don’t Borrow Trouble.” This campaign was adopted by Freddie Mac, which is promoting it on a national level.

**International Institute of Boston (IIB):** CBM has partnered with IIB to provide an Individual Development Account (IDA) program for immigrants of Greater Boston. The bank’s commitment includes maintaining the savings account, participating in workshops, and providing support for the program. A total of 118 refugees and refugee families have participated in the “Saving for Success” program. Twenty-four participants have completed the educational requirements, achieved their goals, and purchased a life-changing asset. Funds from the account are limited as to their use and are typically only allowed for the purchase of a first home, investment in a start-up business, obtaining a college degree or professional certificate, or other acceptable uses defined within the product description. The funds deposited by qualified individuals are periodically matched in parallel accounts until the individual’s investment goal has been met, at which time the IDA is vested and all funds are used to acquire the object of the investment.

**Inquilinos Boricuas en Accion (IBA):** This CBM partner manages an 800-unit Section 8 development in a low-income section of Boston’s South End. The majority of residents speak Spanish. CBM provided a grant of \$25,000 to support a financial literacy education initiative. The bank also provides speakers to educate residents about financial matters.

**Neighborhood of Affordable Housing (NOAH):** Based in East Boston, NOAH acquires, rehabilitates and manages low-income housing, and also generates affordable single-family home ownership opportunities in East Boston. The organization also offers a Home Ownership Program, which helps individuals access or retain decent and affordable housing. The branch manager of CBM’s headquarters is a member of the organization’s loan committee.

**Association of Community Organizations for Reform Now (ACORN):** ACORN is the nation’s largest community organization of low- and moderate-income families, with over 120,000 member families organized into 600 neighborhood chapters in 45 cities across the country, including Boston. ACORN’s priorities include better housing for first time homebuyers and tenants, living wages for low-wage workers, more investment in communities from banks and governments, and better public schools. The bank’s CRA Officer and the Jamaica Plain Sales Manager are actively involved with assisting in the efforts of the organization in the development of affordable loan programs and homebuyer education.

**Boston Community Capital (BCC):** A community development financial intermediary whose mission is to create and preserve healthy communities where low-income people live and work. Throughout its history BCC has created or preserved more than 1,045 jobs, financed

over 3,800 units of affordable housing and loaned more than \$40 million for projects in low-income communities. A CBM Senior Vice President serves as Chairman of the Board.

**Veterans Benefit Clearing House (VBC):** An agency dedicated to improving the quality of life for residents of Greater Boston. VBC serves approximately 4,000 people each year. Services are provided to a diverse population of people and include employment training, housing counseling, youth services, and a food pantry. A CBM Vice President of Commercial Lending is a member of the Board of Directors.

**South Eastern Economic Development (SEED) Corporation:** This is a non-profit regional small business financial corporation that provides loans ranging from \$5,000 to \$1 million to small businesses in Southeastern Massachusetts. Funds are lent to small firms that are new or expanding, and which otherwise might not qualify for financial assistance. SEED is certified by the U.S. Small Business Administration (SBA) to package loans under the 504 Program. SEED's mandate is to assist small businesses to start, expand, and create new jobs and their financing programs are designed to work in conjunction with regional banks. The Senior Vice President of Commercial Lending for CBM is a Director for the organization.

**Quincy 2000:** Quincy 2000 is an organization consisting of businesses and individuals dedicated to promoting economic development in the City of Quincy. The organization manages an investment pool, funded primarily by banks, used to provide financial and technical assistance to small businesses and individuals who need resources to start, expand, or improve their firms. A commercial loan officer from CBM is the chairperson of the loan committee.

**Quincy Community Action Programs, Inc. (QCAP):** QCAP, Inc. is a private non-profit corporation whose goal is to alleviate the effects of poverty while promoting and encouraging self-sufficiency. QCAP operates the following programs: Community Care for Kids, Energy, Head Start, Housing, and the South West Community Center. The core service area includes Braintree, Hull, Milton, Quincy and Weymouth. Besides educating first time home buyers and providing default mortgage counseling, the Housing Program now plays a lead role in the development and management of affordable housing for low- and moderate-income individuals in the area. A Vice President in Commercial Lending for the Quincy area provides technical assistance as a member of the organization's Loan Committee.

**Cape & Islands Community Development (C&I CDI):** A subsidiary of the Cape Cod Economic Development Council, C&I CDI is a private (tax exempt) development organization, formed to offer technical assistance and financial resources to the business community on Cape Cod, Nantucket and Martha's Vineyard. CBM has a Vice President of Commercial Lending on the organization's Loan Committee.

**Housing Assistance Corporation (HAC):** HAC is a non-profit regional housing agency serving the Cape and Islands area. The organization operates three family shelters, an individual shelter, and four specialized shelters. HAC also owns and manages several affordable housing projects on the Cape. It is the administrator of Federal and State rental assistance programs, transitional housing programs, a weatherization program, an elder services program, and the Cape clearinghouse for affordable home buyers. Over the last ten

years HAC has placed over 2,500 people into permanent housing. One of the bank's residential mortgage originators provides homebuyer training.

**Center for Women and Enterprise (CWE):** Founded in 1995, CWE is a regional economic development organization with offices in Boston and Worcester. The mission of the organization is to empower women to become economically self-sufficient and prosperous through entrepreneurship. CWE provides participants with courses, workshops, consulting, mentoring, networking opportunities, access to debt and equity financing, and assistance accessing new markets for product and services. The bank has invested in CWE's economic literacy program entitled "Making Your Money Work," a program designed to meet the unique education needs of very low-income women living in the inner city. The bank's vice president of regional banking serves on the Central Massachusetts Advisory Committee.

### **Other Community Development Activities**

In addition to the leadership roles described above, numerous bank employees have provided other CD Services to community organizations throughout the assessment area. A total of 160 CBM employees have been involved in 561 events with 138 qualified community development groups and organizations throughout Massachusetts since the previous evaluation. These events have either provided direct contact with the organization or provided an in-kind service.

A representative sample of the 138 qualified community development organizations are listed below:

Action for Boston Community Development, Atlantic Home Rehabilitation, Bird Street Community Center, Boston Community Capital Corporation, Boston Chamber of Commerce, Boston Local Development Corporation, Bridgewater CDC, Burlington Business Roundtable, Centro Latino de Chelsea, Charlestown Preservation Society, Chinese Economic Development Council, Codman Square Neighbor Council, Community Development Finance Corp., Dennis Housing Authority, Downtown New Bedford, Inc., Habitat for Humanity, Immigrant Learning Center, International Institute, Jamaica Plain CDC, Laboure Center, Massachusetts Community Bank Council (MCBC), Mainspring House Brockton, Massachusetts Housing Partnership, Plymouth County Development Corporation, South Shore Economic Development Corporation, Rebuilding Boston, Salem CDC, Urban Financial Coalition, Woburn Development Corp. Yarmouth Economic Revitalization, Worcester Chamber of Commerce, and The Worcester Housing Authority. In addition, the following are organizations in Central and Western Massachusetts which meet the definition of organizations which the bank can receive credit for providing financial and technical assistance to: Pioneer Valley Project located in Springfield, and Ron Burton Training Center located in Hubbardston.

### **Federal Home Loan Bank Applications**

Another community development service the bank provides is helping non-profit organizations apply to the Federal Home Loan Bank for grants to be directed towards

affordable housing programs. The bank assists by writing, recommending, and forwarding the applications to the FHLB. When the grants are provided by the FHLB, the bank assists in coordinating the projects. Projects the bank assisted with include Washington Avenue Apartments, downpayment and closing cost assistance with the Allston Brighton CDC: affordable homeownership with the Madison Park CDC: and affordable housing developments with the Community Builders, Chelsea NHS, Casa Esperanza, and the Somerville CDC.

## **Educational Seminars and Services**

CBM has conducted and participated in numerous seminars designed to educate consumers about banking products and services available to meet their specific needs. The bank has continued to be involved with many homebuyer education programs since the last evaluation, and has become involved in numerous financial literacy and other financial education initiatives. Many of these seminars have been conducted with partner organizations such as local housing and civic groups throughout its assessment area. The following table summarizes the number and types of seminars the bank has been involved in.

| <b>Year<br/>Seminar<br/>Conducted</b> | <b>Seminar Topic</b> |                               |                            | <b>Total</b> |
|---------------------------------------|----------------------|-------------------------------|----------------------------|--------------|
|                                       | <b>Homebuying</b>    | <b>Financial<br/>Literacy</b> | <b>Other<br/>Financial</b> |              |
| 2000                                  | 46                   | 12                            | 8                          | 66           |
| 2001                                  | 35                   | 19                            | 6                          | 60           |
| *YTD 2002                             | 35                   | 27                            | 16                         | 78           |
| Total                                 | 116                  | 58                            | 30                         | 204          |

Source: Citizens Bank

\*YTD September 30, 2002.

The homebuying seminars are geared toward first time homebuyers and are offered in both English and Spanish. The seminars help potential homebuyers in comparing the costs of renting to owning a home, understanding how income relates to housing- and debt-to-income ratios, establishing budgets, and understanding how credit histories can affect the homebuying process.

CBM's basic banking seminars are also offered in both English and Spanish. The seminars are conducted by bank employees using a presenter's guide and a basic banking workbook for participants, "The Basics of Banking." The Bank has partnered with four non-profits: the United Way, the Organization for a New Equality, Jane Doe Inc., and the Consumer Credit Counseling of Southern New England to provide financial literacy training (Citizens Money Sense).

The other financial seminars offered by CBM include those geared towards businesses, credit education for senior citizens, and college financing for students and parents.

While not directly related to banking services, CBM is very committed to helping non-English speaking immigrants reach their goals both sociologically and economically by participating in English as a Second Language (ESL) initiatives. In November 1999, CBM partnered with Mass INC to release a study named *The Changing Workforce: Immigrants and the New*

*Economy.* The study identified the major role immigrants have played in the changing culture and economy of Massachusetts through the 1990's. In 2000-2001, CBM continued its commitment by announcing an ESL initiative rolled out in three phases; (1) offering ESL classes on-site for employees; (2) offering space to community organizations to teach ESL; and (3) providing financial support for ESL programs. On June 28, 2001, ten employees received certificates for a fifteen-week course in English as a Second Language (ESL). In February 2001, Action for Boston Community Development began their morning ESL classes at a CBM facility, with an open invitation to use the space through 2002. Finally, the bank had provided funding for ESL programs conducted by the City of Boston, the American Red Cross, The Immigrant Learning Center, and the International Institute of Boston.

The bank also continues to participate in the State Treasurer's Savings Makes "Cents" program with elementary schools located in Braintree and Quincy. This program's purpose is to educate students on the basics of money management and to encourage savings.

### **Focus Groups**

Focus groups have helped CBM understand issues facing both the banking industry and the community. CBM met with the Community Advisory Committee twice in 2000 to work on a partnership. In May, the topic was lending and investments and in June the meeting covered diversity.

In 2001, two meetings were held in Dorchester. The February meeting was held in the Codman Square area with 31 non-profit organizations to discuss community and banking issues. The second meeting was held in the Field Corner section of Dorchester, which included 21 non-profits and elected officials that also discussed community and banking issues.

So far in 2002, five meetings were held: three were in Boston, one was in Malden, and one was in Medford. Two of the Boston meetings were held with the Community Advisory Committee to review the partnership agreement on lending, investments and diversity. The third Boston meeting held in February with Boston's Department of Neighborhood Development, which discussed partnerships. The other two meetings in Malden and Medford were held with non-profits to discuss community issues and concerns with the acquisition of Medford Savings Bank.

### **Community Champions Program**

In July 2002, CBM, along with partner New England Cable News (NECN), launched the "Community Champions Program." The program is designed to recognize organizations that serve a community development purpose. Each quarter, a different organization is recognized for its work in the community and is awarded a \$25,000 contribution from CBM along with media coverage on NECN in the form of public service announcements and television profiles. Each "Community Champion" organization is also offered volunteer support from CBM and promotional support in all CBM branches and ATMs. The first "Community Champion" designation was awarded to the Mattapan Community Health Center in the fall of 2002.

### **Interest on Lawyers Trust Accounts (IOLTA)**

Under an agreement with the Massachusetts Bar Association, interest paid on these accounts is used to provide legal assistance to indigent, low- and moderate-income people. IOLTA funded programs of Massachusetts provide legal services to over 100,000 annually and continue to be the primary source of consumer, family, education, disability, and elder law services for low- income clients. Over the period reviewed, the bank paid \$2.8 million in interest on these accounts.

### **CBM's Training Facility in Holyoke**

In 2001, CBM allocated \$230,000 to convert a former mill building in Holyoke into a bank training facility. The building also contains some office and retail space as well as a charter school. The bank utilizes this facility for teller training and maintains human resources and lending staff at the site to support the branch offices in the western part of the state. This activity is given credit under the Service Test based on the fact that the facility is located in a formerly abandoned building and it has helped area residents obtain employment.

### **Sabbatical Program**

CBM participates in the corporate-wide Community Service Sabbatical Program, through which an employee may take a three-month paid sabbatical to assist a social service agency.

### **9/11 Fund Collection**

Through its branch network, CBM collected \$2,181,420 in donations from the public for the Red Cross fund set up to benefit victims and families affected by the 9/11 tragedy.

## **Conclusion – Service Test**

As depicted above, CBM's branch network, delivery systems, and hours of operation help make their services readily accessible to geographies and individuals of different income levels in its assessment area, including those of low and moderate-income. The net affect of branches opened and closed has been positive for low- and moderate-income geographies. Bank personnel's involvement and dedication to numerous economic development and affordable housing organizations is evidence of CBM's commitment to its assessment area. Officers and employees have demonstrated leadership roles in numerous community service activities throughout its assessment area. Thus, CBM's performance under the Service Test is considered to be "Outstanding."

## **METROPOLITAN AREAS**

As stated under *Description of the Assessment Areas*, an evaluation of CRA performance must also be provided for each metropolitan area in which the bank maintains a branch office. Based on the expansion of the bank's branch network and the changes to the assessment area that took place over the period reviewed, the following analyses address the bank's activity in 2000 and 2001 separately from their activity in 2002, where applicable. For example, certain portions of the Boston CMSA and the Providence-Fall River-Warwick MSAs were included in the 2000 - 2001 assessment area, but additional portions were added in 2002. Therefore, the Boston CMSA and Providence MSA portions of the assessment area had different demographics in 2000 and 2001, versus 2002. In the sections that follow, there are separate descriptions and analyses for the Boston CMSA and the Providence MSA for 2000 - 2001 and for 2002. The Pittsfield and Springfield MSAs were new to the assessment area in 2002; therefore, the analyses that follow only address demographic and bank performance data for 2002.

The tables in Appendix E show the percentage of the bank's residential loans made in each MSA/PMSA/CMSA/Non-MSA portion of the assessment area by loan purpose. The discussions below refer to the bank's lending in each area for all residential purposes combined. For small business lending, the analyses that follow regarding geographic distribution and lending to businesses of different sizes directly correspond to data in the Appendix E tables.

## **BOSTON CONSOLIDATED METROPOLITAN STATISTICAL AREA (CMSA)**

### **Description of Institution's Operations in Boston CMSA for 2000 and 2001**

The majority of the geographies in the bank's 2000 - 2001 assessment area are located within the Boston CMSA. The portion of the CMSA that is part of the assessment area includes the entire Brockton and New Bedford PMSAs and portions of the Boston, Lawrence, and Lowell PMSAs. The area is comprised of 910 census tracts, of which 67 are low-income, 210 are moderate-income, 423 are middle-income, and 189 are upper-income. The remaining 21 tracts have no income level assigned. There are 893,947 owner-occupied housing units, which are distributed as follows: 1.00% in low-, 12.17% in moderate-, 57.83% in middle-, and 29.02% in upper-income census tracts.

According to the 1990 U.S. Census, there are 4,143,671 individuals and 1,034,493 families in the portion of the CMSA included in the assessment area. The distribution of families by income category is 19.60% low-income, 17.84% moderate-income, 24.24% middle-income, and 38.33% upper-income. Business demographics show that 6.17% of all businesses are in low-income tracts, 14.59% are in moderate-income tracts, 48.67% are in middle-income tracts, and 30.58% are in upper-income tracts.

### **Conclusions with Respect to the Performance Criteria in the Boston CMSA for 2000 and 2001**

The bank's performance in the Boston CMSA with respect to lending, investments, and services was consistent with its strong performance in the assessment area as a whole.

#### **Lending Test**

Lending performance within the Boston CMSA is proportionate to the lending performance within the assessment area. A significant majority of loans were originated inside the CMSA. Of the 15,662 residential and small business loans originated inside the entire assessment area in 2000 and 2001 combined, 13,748, or 87.78%, were originated in the Boston CMSA.

Out of all residential loans the bank made in 2000, 3.38% and 20.85% were within the low- and moderate-income tracts, respectively, which compares very favorably to the distribution of owner-occupied housing units mentioned above. In 2001, the percentages dropped slightly to 2.68% and 18.78%, respectively, but were still greater than the percentage of owner-occupied housing units in each category. When compared to the market by loan purpose for 2000 and 2001, the bank did significantly better than the market in making home purchase loans in both low- and moderate-income tracts. CBM's performance was similar to the aggregate for home improvement, refinance, and multi-family loans.

In 2000, after eliminating 1.30% of all residential loans for which no income was reported, the bank's lending percentages to low- and moderate-income borrowers were 7.22% and 20.87%, respectively. In 2001, after eliminating 3.63% of all loans that had no income reported, the bank made 6.89% and 19.87% to low- and moderate-income borrowers,

respectively. In each year, the percentage to low-income borrowers was well below the percentage of low-income families within the CMSA (19.60%); however, as stated earlier, many families in this income category would not qualify for home mortgages. The bank's lending to moderate-income borrowers in each year exceeded the 17.84% of all families who were moderate-income. Compared to the aggregate, the bank's percentages of home purchase loans to low- and moderate-income borrowers were almost double the market's in both 2000 and 2001. The bank's percentages of home improvement loans fell slightly below the market's in both years. In the refinance category, the bank's percentage to low-income borrowers was equal to or better than the aggregate each year, and CBM's percentage to moderate-income borrowers fell short in 2000, but was slightly better in 2001.

As shown in Tables 6 and 6a, the distribution of small business loans in low- and moderate-income census tracts within the CMSA was as follows. In 2000, 8.71% and 17.78% of all small business loans were in the low- and moderate-income census tracts, respectively. In 2001, 8.56% and 13.58% were in the low- and moderate-income tracts, respectively. With the exception of lending in the moderate-income tracts in 2001, the bank's performance was better than the percentage of businesses within each category, and the aggregate performance.

As shown in Tables 11 and 11a, the bank made 53.45% and 44.20% of all small business loans to businesses with gross annual revenues (GAR) of \$1 million or less in 2000 and 2001, respectively. These percentages fall short of the percentage of all businesses in the assessment area with GAR of \$1 million or less (72.04%). However, comparisons to aggregate data revealed that the market made only 38.35% and 37.23% of all small business loans to businesses with GAR of \$1 million or less, which are considerably lower than the bank's percentages. Further analysis of the loans by dollar amount revealed that 59.37% and 68.44% of all small business loans were in amounts of \$100,000 or less. This helps illustrate the bank's willingness to meet the credit needs of small and medium sized businesses.

The vast majority of the 29 community development loans originated during 2000 and 2001, totaling nearly \$60 million, directly benefited the Boston CMSA. The innovative and flexible products offered by CBM and CMC helped meet residential and small business credit needs throughout the entire assessment area, including the Boston CMSA.

#### Investment Test

A significant majority of the bank's investments have had a direct impact on the Boston CMSA.

#### Service Test

Accessibility of delivery systems, alternative delivery systems, branch locations, and business hours within the CMSA are very good. The majority of the community development services that the bank participates in are within the CMSA. Numerous officers and staff members provide community development services to organizations that primarily serve individuals and businesses inside the CMSA, including ACORN, SEED, and NOAH.

## **Description of Institution's Operations in Boston CMSA for 2002**

The majority of the bank's branch offices (200 of 232) and the majority of the geographies in the bank's 2002 assessment area are located within the Boston CMSA. The portion of the CMSA that is part of the 2002 assessment area includes the entire Brockton, New Bedford, and Fitchburg-Leominster PMSAs and the Massachusetts portions of the Boston, Lawrence, Lowell, and Worcester PMSAs. The area is comprised of 1,050 census tracts, of which 74 are low-income, 235 are moderate-income, 504 are middle-income, and 213 are upper-income. The remaining 24 tracts have no income level assigned. There are 1,030,648 owner-occupied housing units, which are distributed as follows: 0.93% in low-, 11.73% in moderate-, 59.12% in middle- and 28.22% in upper-income census tracts.

According to the 1990 U.S. Census, there are 4,756,141 individuals and 1,194,777 families in the portion of the CMSA included in the assessment area. The distribution of families by income category is 19.54% low-income, 17.78% moderate-income, 24.41% middle-income, and 38.27% upper-income. Business demographics show that 6.38% of all businesses are in low-income tracts, 14.57% are in moderate-income tracts, 49.51% are in middle-income tracts, and 29.52% are in upper-income tracts.

## **Conclusions with Respect to the Performance Criteria in the Boston CMSA for 2002**

The bank's performance in the Boston CMSA with respect to lending, investments, and services was consistent with its strong performance in the assessment area as a whole.

### **Lending Test**

In 2002, a significant majority of loans were originated inside the CMSA. Of the 8,801 residential mortgages originated inside the entire assessment area in 2002, 7,610, or 91.24%, were originated in the Boston CMSA. Likewise, 2,811, or 92.56% of all small business loans were made within the CMSA.

Out of all residential loans the bank made in 2002, 2.04% and 14.76% were within the low- and moderate-income tracts, respectively, which compare very favorably to the distribution of owner-occupied housing units mentioned above.

After eliminating 7.16% of all residential loans for which no income was reported, the bank's percentages of lending to low- and moderate-income borrowers were 4.26% and 13.63%, respectively. The bank's percentage to low-income borrowers falls short of the 19.62% of all families who are low-income, but, as stated earlier, many low-income families would not qualify for home mortgages. The bank's percentage of lending to moderate-income borrowers also falls short of the 17.74% of all families who are moderate-income, but, since this year was not a full calendar year, less emphasis was placed on this data.

As shown in Table 6b, of all small business loans the bank made in the CMSA, 7.72% were in low-income tracts and 14.94% were in moderate-income tracts. These percentages are slightly higher the percentage of businesses within each category, which were 6.38% in the low- and 14.57% in the moderate-income tracts.

As shown in Table 11b, the bank made 49.56% of all small business loans in the CMSA to businesses with GAR of \$1 million or less. This percentage falls short of the percentage of all businesses in the assessment area with GAR of \$1 million or less (72.60%). However, the difference is not viewed negatively, as the bank's percentage is consistent with its 2000 and 2001 performance in the Boston CMSA and with its performance in the entire assessment area during the evaluation period. Further analysis of the loans by dollar amount revealed that 74.03% of all small business loans in the CMSA were in amounts of \$100,000 or less, which again helps illustrate the bank's willingness to meet the credit needs of small and medium sized businesses.

The vast majority of the bank's 13 community development loans, totaling nearly \$22 million, had a direct impact on the Boston CMSA. As stated previously, the innovative and flexible products offered by CBM and CMC helped meet residential and small business credit needs throughout the entire assessment area, including the Boston CMSA.

#### Investment Test

A significant majority of the bank's investments have been made in or include the Boston CMSA.

#### Service Test

Accessibility of delivery systems, alternative delivery systems, branch locations, and business hours within the CMSA continued to be very good in 2002. Numerous officers and staff members continued to provide community development services to organizations that primarily serve individuals and businesses inside the CMSA.

## **BARNSTABLE-YARMOUTH (BARNSTABLE) METROPOLITAN STATISTICAL AREA (MSA)**

### **Description of Institution's Operations in the Barnstable MSA**

The Barnstable MSA has traditionally been the bank's second largest market, and the bank currently operates nine branch offices within the MSA. However, with respect to size, the Barnstable MSA is a distant second to the Boston CMSA, and accounts for a much smaller percentage of loans made in the bank's total assessment area. The ten towns that comprise the area have a total population of 134,930, although this population more than doubles during the summer tourist season. The largest population concentration is in Hyannis, an unincorporated area located in the Town of Barnstable, which has a total population of 40,949.

The area is made up of 36 census tracts, of which none are low-income, 4 are moderate-income, 25 are middle-income, and 7 are upper-income. There are 98,472 housing units, less than half of which are owner-occupied (41,963, or 42.61%). Rental units account for another 14.91% of all housing units, and the remaining 42.48% are considered vacant. A small portion of the vacant units are boarded up and the remainder are either second homes or for sale. Of the 41,963 owner-occupied housing units, 3.50% are in moderate-income tracts, 75.84% are in middle-income tracts, and 20.66% are in upper-income tracts.

According to the 1990 U.S. Census, there are 38,511 families in the MSA, which are categorized by income level as follows: 17.46% are low-income, 19.37% are moderate-income, 24.19% are middle-income, and 38.99% are upper-income. Demographic data shows that the proportion of the Barnstable MSA's population age 65 and over is nearly double that for the State as a whole. This suggests that retirees who, during their working years, purchased summer properties in the area now reside there on a permanent basis. In addition, a number of retirement communities have been developed in the area over the past decade, further increasing the area's elderly population.

### **Conclusions with Respect to Performance Tests in Barnstable MSA**

The bank's performance in the Barnstable MSA with respect to lending, investments, and services was consistent with its strong level of performance in the assessment area as a whole.

#### **Lending Test**

Over the entire evaluation period, CBM originated 1,566 residential loans within the Barnstable MSA, which represents 7.59% of all residential loans in the entire assessment area. An analysis of the geographic distribution of these loans revealed that the bank's percentages in the moderate-income tracts for 2000, 2001, and 2002 were 4.26%, 4.89%, and 5.36%, respectively. These percentages reflect favorably on the bank when compared to the 3.50% of all owner-occupied housing units that are located within those tracts. A review of the Appendix E tables for geographic distribution by loan purpose revealed that this performance is largely due to the bank's strong lending in the home purchase category. As

shown in Tables 2, 2a, and 2b, the bank's percentage of lending in moderate-income tracts was considerably higher than the 3.50% of all owner-occupied housing units in those tracts. Compared to the aggregate lenders for home purchase loans, the bank's 2000 performance was slightly lower, but its 2001 performance was almost 2% higher. For almost all other loan purposes by year, the bank's performance fell short of the 3.50% of owner-occupied units as well as the performance of the aggregate market.

After eliminating the loans for which borrower income was not reported, the distribution of the bank's loans to low- and moderate-income borrowers was as follows: 5.54%, 4.97%, and 6.60% of all loans were made to low-income borrowers in 2000, 2001, and 2002, respectively, and 17.85%, 21.05%, and 15.53% of all loans were made to moderate-income borrowers in 2000, 2001, and 2002, respectively. As stated in previous sections, the percentage of loans to low-income borrowers is not expected to mirror the percentage of low-income families within a given geographic area. Therefore, the variance between the bank's lending to low-income borrowers and the demographics of the area are not considered a reflection of the bank's performance. The bank's lending to moderate-income borrowers fluctuated around the 19.37% of moderate-income families over the period reviewed.

When compared to aggregate market data by loan purpose in Appendix E, the bank's performance is strong in the home purchase and refinance categories. In 2000 and 2001, the bank made considerably higher percentages of home purchase and refinance loans to both low- and moderate-income borrowers. The higher penetration of residential loans to lower income borrowers demonstrates the effectiveness of the bank's loan programs within this MSA.

CBM's small business lending performance in the Barnstable MSA is strong. CBM consistently made a higher percentage of loans in the moderate-income tracts than the percentage of all businesses in those tracts over the period. In 2000, 2001, and 2002, the bank's percentages were 32.50%, 19.61%, and 18.92%, compared to the 13.90% of all businesses that are located in those tracts. The bank's performance in 2000 and 2001 also compared favorably to the aggregate market percentages of 11.65% and 12.82% in the two respective years. When the loans are analyzed based on size of the business, the bank made 67.50%, 56.86%, and 52.25% of all small business loans to businesses with GAR of \$1 million or less in 2000, 2001, and 2002, respectively. These percentages fall below the 77.39% of all businesses with GAR of \$1 million or less within the MSA, but the bank's performance is still considered good in comparison to the aggregate lenders. When compared to market data for 2000 and 2001, the bank's lending percentages exceed the market's 52.87% and 48.38% of loans under GAR of \$1 million in the two respective years. When analyzed by loan amount, 65.00%, 67.65%, and 68.47% of all CBM loans in the MSA were in amounts of \$100,000 or less. These high percentages reflect CBM's commitment to serving small- and medium-sized

businesses.

During the period reviewed, two community development loans directly benefited the Barnstable MSA and one benefited the entire State, including the Barnstable MSA. As stated previously, the innovative and flexible products offered by CBM and CMC helped meet

residential and small business credit needs throughout the entire assessment area, including the Barnstable MSA.

### Investment Test

Investments in this MSA were generally limited to broader statewide investments such as the Massachusetts Housing Finance Agency bond and the Federal National Mortgage Association mortgage-backed securities. The level and responsiveness of such investments was consistent with the bank's operations in this portion of the assessment area.

### Service Test

Hours and services available at branch offices in the Barnstable MSA are the same as all other branches. Several of the community development services were targeted to organizations that serve residents within this portion of the assessment area. These include the Cape and Islands Community Development and Housing Assistance Corporation.

## **PROVIDENCE–FALL RIVER-WARWICK (PROVIDENCE), METROPOLITAN STATISTICAL AREA (MSA)**

### **Description of Institution's Operations in the Providence MSA - 2000 and 2001**

Aside from the non-MSA portions of the State, this area accounts for the smallest portion of the bank's total lending, with only 2.61% of the total number of loans the bank originated in its assessment area during 2000 and 2001.

The area has a population of 211,698 and 57,534 families. Of total families, 20.88% are low-income; 18.37% are moderate-income; 25.59% are middle-income; and 35.17% are upper-income. The area contains a total of 42 census tracts: 1 low-income; 17 moderate-income; 16 middle-income; 7 upper-income; and 1 with no income level assigned. There are 86,217 housing units, of which 50.60% are owner-occupied and 42.42% are rental units. Of the 43,625 owner-occupied housing units, 0.00% are in the low-income tract, 16.72% are in the moderate-income tracts, 57.60% are in middle-income tracts, and 25.68% are in upper-income tracts.

### **Conclusions with Respect to Performance Tests in the Providence MSA - 2000 and 2001**

Given the small impact this MSA has on the bank's total CRA performance, a limited analysis was performed. Based on data classified by both census tract and borrower income characteristics, the bank performed well in home purchase lending in moderate-income census tracts and to moderate-income borrowers. Performance in the other loan categories is not given much weight, as the percentages are based on very low numbers of actual loans made. The bank made only 5 small business loans in low- or moderate-income tracts over the two year period, but 60.98% of the bank's 41 small business loans were made to businesses with revenues of \$1 million or less. The levels of investments and services

provided in this MSA generally consist of those that are statewide in nature. These levels are consistent with the geographic representation of this MSA within the assessment area.

### **Description of Institution's Operations in the Providence MSA - 2002**

The bank currently operates eight branch offices within the Providence-Fall River-Warwick MSA. However, CBM's performance within this MSA does not bear significant weight on the overall rating, as only 3.12% of total loans were made within the MSA.

The area has a population of 224,744 and 61,243 families. Of these families, 20.29% are low-income; 18.09% are moderate-income; 25.33% are middle-income; and 36.29% are upper-income. The area contains a total of 44 census tracts categorized as follows: 1 low-income; 17 moderate-income; 16 middle-income; 9 upper-income; and 1 with no income level assigned. There are 90,843 housing units, of which 52.37% are owner-occupied and 40.85% are rental units. Of the 47,575 owner-occupied housing units, 0.00% are in the low-income tract, 15.33% are in the moderate-income tracts, 52.82% are in middle-income tracts, and 31.85% are in upper-income tracts.

### **Conclusions with Respect to Performance Tests in the Providence MSA - 2002**

As stated previously, only a limited analysis was performed on CBM's lending in this MSA. Based on data classified by both census tract and borrower income characteristics, loans appear to be reasonably distributed among the various income groups, including low- and moderate-income areas and borrowers, with strength in home purchase lending in moderate-income census tracts. In small business lending, the bank's percentages in low- and moderate-income tracts were similar to the percentages of businesses in those tracts, and 64.29% of the loans were made to businesses with revenues of \$1 million or less. The investments and services provided in this MSA generally consist of those that are statewide in nature. These levels are consistent with the small impact this MSA has on the total CRA performance.

## **PITTSFIELD METROPOLITAN STATISTICAL AREA (MSA)**

### **Description of Institution's Operations in the Pittsfield MSA - 2002**

CBM currently operates two branch offices within the Pittsfield MSA, but having just been added to CBM's assessment area in 2002, there has been limited lending activity within this portion of the assessment area. Only 54, or 0.46% of all residential and small business loans in 2002 were originated within this MSA.

The area has a population of 92,684 and 25,338 families. Of these families, 18.89% are low-income; 19.43% are moderate-income; 23.91% are middle-income; and 37.77% are upper-income. The area contains a total of 23 census tracts: 2 low-income, 4 moderate-income, 14 middle-income, and 3 upper-income. There are 43,024 housing units, of which 56.09% are owner-occupied and 29.56% are rental units. Of the 24,134 owner-occupied housing units, 0.96% are in the low-income tracts, 12.98% are in the moderate-income tracts, 71.27% are in middle-income tracts, and 14.79% are in upper-income tracts.

### **Conclusions with Respect to Performance Tests in the Pittsfield MSA - 2002**

Representing the smallest portion of CBM's total loans for 2002, the bank's performance in this area does not bear significant weight on the overall rating. Thus, a very limited analysis was performed. Of all 45 residential loans made in the MSA, 11.11% were made in moderate-income census tracts, and 13.33% were made to moderate-income borrowers, which are considered reasonable percentages. Of the 9 small business loans made in the MSA, 2 were in low-income geographies and 6 were made to businesses with revenues of \$1 million or less. The level of investments and services provided in this MSA generally are those of a statewide nature, and the overall performance is consistent with the length of time that the MSA has been included within the assessment area.

## **SPRINGFIELD METROPOLITAN STATISTICAL AREA (MSA)**

### **Description of Institution's Operations in the Springfield MSA - 2002**

CBM operates 10 branch offices within this MSA. As stated previously, this portion of the assessment area was just added in 2002, and thus, has experienced limited lending activity. CBM made a total of 135 residential and small business loans within the MSA during 2002, which account for 1.14% of the bank's total loans.

The area has a population of 596,775 and 149,868 families. Of these families, 20.90% are low-income; 16.49% are moderate-income; 24.37% are middle-income; and 38.25% are upper-income. The area contains a total of 120 census tracts: 13 low-income, 14 moderate-income, 64 middle-income, 23 upper-income, and 6 with no income level assigned. There are 230,055 housing units, of which 56.97% are owner-occupied and 37.71% are rental units. Of the 131,071 owner-occupied housing units, 1.59% are in the low-income tracts, 6.20% are in the moderate-income tracts, 66.38% are in middle-income tracts, and 25.84% are in upper-income tracts.

## **Conclusions with Respect to Performance Tests in the Springfield MSA - 2002**

Based on the limited lending activity that has taken place within this MSA, limited analyses were conducted. Of all 128 residential loans made, 7.03% were in low-income tracts and 11.72% were in moderate-income tracts. In addition, 0.92% were made to low-income borrowers and 10.09% were made to moderate-income borrowers. Of the 7 small business loans, none were in low- or moderate-income tracts, but 4 were made to businesses with revenues of \$1 million or less. The level of investments and services provided in this MSA generally consists of those that are statewide in nature and the overall performance is consistent with the length of time the MSA has been included in the assessment area.

## APPENDIX A - SCOPE OF EXAMINATION

| <b>CITIZENS BANK OF MASSACHUSETTS</b>                                                                                               |  |
|-------------------------------------------------------------------------------------------------------------------------------------|--|
| <b>SCOPE OF EXAMINATION:</b>                                                                                                        |  |
| Home Mortgage and Small Business lending in CBM's assessment area in effect during 2000 and 2001.                                   |  |
| Home Mortgage and Small Business lending in CBM's assessment area in effect during 2002.                                            |  |
| <b>TIME PERIOD REVIEWED:</b>                                                                                                        |  |
| Home Mortgage and Small Business Loans: January 1, 2000 through September 30, 2002                                                  |  |
| Community Development Loans, Innovative or Flexible Loan Products, Investments, Services: October 12, 1999 through December 1, 2002 |  |
| <b>PRODUCTS REVIEWED:</b> Home Mortgage, Small Business, and Community Development Loans                                            |  |

| <b>LIST OF AFFILIATES AND PRODUCTS REVIEWED</b> |                                             |                                   |
|-------------------------------------------------|---------------------------------------------|-----------------------------------|
| <b>AFFILIATE(S):</b>                            | <b>AFFILIATE RELATIONSHIP:</b>              | <b>PRODUCTS REVIEWED:</b>         |
| Citizens Mortgage Corporation                   | Subsidiary of Citizens Bank of Rhode Island | Home Purchase and Refinance Loans |

## APPENDIX B - GENERAL DEFINITIONS

### GEOGRAPHY TERMS

**Block:** Small areas bounded on all sides by visible features such as streets, roads, streams or rail road tracks, and invisible features like city or town boundaries or property lines. Blocks are subdivisions of census tracts or block numbering areas (BNA), and are assigned a unique three-digit number.

**Block Group:** Clusters of blocks within a census tract or BNA, having a four-digit number and a three-digit suffix. The four-digit number corresponds to the same number given to the census tract or BNA in which it is located.

**Block Numbering Areas (BNAs):** Statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

**Census Tract: Small** subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Metropolitan Area (MA):** One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

**Metropolitan Statistical Area (MSA):** One or more metropolitan areas that have economic and social ties.

**Primary Metropolitan Statistical Area (PMSA):** A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

**Consolidated Metropolitan Statistical Area (CMSA):** The larger area of which PMSAs are component parts.

**Non-Metropolitan Area:** All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

**Rural Area:** Territories, populations and housing units that are not classified as urban.

## **HOUSING TERMS**

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

## **INCOME TERMS**

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

**HUD Adjusted Income Data:** The U.S. Department of Housing and Urban Development (HUD) issues annual estimates that update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

## **OTHER TERMS**

**Home Mortgage Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

**Small Business Loan:** A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

## APPENDIX C - INVESTMENT DEFINITIONS

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. The equity investments are subject to limits specified by the bank's regulator. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the bank. A CDC may purchase, own, rehabilitate, construct, manage and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization. Any real estate ownership should generally be temporary, with ownership reverting to members or organizations in the community.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. They procure loans and investments that conventional financial institutions are unable to invest in, and they link financing to other developmental activities. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. CDFIs share a common mission and can be chartered as a credit union or bank. CDFIs can also be unregulated nonprofit institutions that gather private capital from a range of social investors for community development lending or investing. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, microenterprise funds, and community development venture capital funds. A certified CDFI must meet eligibility requirements, which include: having a primary mission of promoting community development; serving an investment area or target population; providing development services; maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Low Income Housing Tax Credits:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. The housing agencies allocate tax credits on a competitive basis. Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits or sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains in place throughout the compliance period, usually 30 years.

**Qualified Investments:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support the following endeavors: 1) affordable housing; 2) community services targeting low- and moderate-income individuals; 3) activities that promote economic development by financing small farms and small businesses; and 4) activities that revitalize or stabilize low- and moderate-income geographies.

## **APPENDIX D - STANDARD PE LANGUAGE**

### **LENDING TEST**

#### **Scope of Test**

The lending test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the volume of lending activity; 2) the proportion of lending within the assessment area(s); 3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income levels and businesses (including farms) of different sizes; 5) the distribution of small business and small farm loans by loan amount at origination; 6) the volume of community development lending; and 7) the use of innovative or flexible lending practices. Performance under the lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

#### **Community Development Lending:**

##### **Performance Criteria**

The institution's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

#### **Innovative and Flexible Lending Practices:**

##### **Performance Criteria**

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: 1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and 2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

## **INVESTMENT TEST**

### **Scope of Test**

The investment test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Activities considered under the lending or service test may not be considered under the investment test. The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

## **SERVICE TEST**

### **Scope of Test**

The service test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

## APPENDIX E - LENDING DATA

**Table 1. Lending Volume Year 2000**

| LENDING VOLUME               |                                     |               |            |                           |            |                      |            |                               |            |                      |           |                                      | Geography: CITIZENS AA 2000 |  |  |  | Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2000 |  |  |  |
|------------------------------|-------------------------------------|---------------|------------|---------------------------|------------|----------------------|------------|-------------------------------|------------|----------------------|-----------|--------------------------------------|-----------------------------|--|--|--|---------------------------------------------------------|--|--|--|
| MA/Assessment Area (2000):   | % of Rated Area Loans (#) in MA/AA* | Home Mortgage |            | Small Loans to Businesses |            | Small Loans to Farms |            | Community Development Loans** |            | Total Reported Loans |           | % of Rated Area Deposits in MA/AA*** |                             |  |  |  |                                                         |  |  |  |
|                              |                                     | #             | \$ (000's) | #                         | \$ (000's) | #                    | \$ (000's) | #                             | \$ (000's) | #                    | \$(000's) |                                      |                             |  |  |  |                                                         |  |  |  |
| Full Review:                 |                                     |               |            |                           |            |                      |            |                               |            |                      |           |                                      |                             |  |  |  |                                                         |  |  |  |
| CBM - Assessment Area - 2000 | 100.00                              | 3,828         | 418,904    | 890                       | 147,734    | 0                    | 0          | 7                             | 9,010      | 4,725                | 575,648   | 100.00                               |                             |  |  |  |                                                         |  |  |  |
| Limited Review:              |                                     |               |            |                           |            |                      |            |                               |            |                      |           |                                      |                             |  |  |  |                                                         |  |  |  |
| CBM - MSA 0740               | 7.81                                | 329           | 38,474     | 40                        | 4,288      | 0                    | 0          | 0                             | 0          | 369                  | 42,762    | 0.00                                 |                             |  |  |  |                                                         |  |  |  |
| CBM - Non MSA Area - 2000    | 2.03                                | 83            | 9,343      | 13                        | 3,135      | 0                    | 0          | 0                             | 0          | 96                   | 12,478    | 0.50                                 |                             |  |  |  |                                                         |  |  |  |
| CBM CMSA 1120 - 2000         | 87.73                               | 3,311         | 363,036    | 827                       | 138,537    | 0                    | 0          | 7                             | 9,010      | 4,145                | 510,583   | 98.90                                |                             |  |  |  |                                                         |  |  |  |
| CBM MSA 6480 - 2000          | 2.43                                | 105           | 8,051      | 10                        | 1,774      | 0                    | 0          | 0                             | 0          | 115                  | 9,825     | 0.50                                 |                             |  |  |  |                                                         |  |  |  |

\* Loan Data as of December 31, 2000. Or December 31, 2001 Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From October 12, 1999 to December 01, 2001.

\*\*\* Deposit Data as of June 30, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1a. Lending Volume Year 2001**

| LENDING VOLUME               |                                     | Geography: CITIZENS AA 2000 |            |                           |            |                      |            | Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2001 |            |                      |           |                                      |
|------------------------------|-------------------------------------|-----------------------------|------------|---------------------------|------------|----------------------|------------|---------------------------------------------------------|------------|----------------------|-----------|--------------------------------------|
| MA/Assessment Area (2001):   | % of Rated Area Loans (#) in MA/AA* | Home Mortgage               |            | Small Loans to Businesses |            | Small Loans to Farms |            | Community Development Loans**                           |            | Total Reported Loans |           | % of Rated Area Deposits in MA/AA*** |
|                              |                                     | #                           | \$ (000's) | #                         | \$ (000's) | #                    | \$ (000's) | #                                                       | \$ (000's) | #                    | \$(000's) |                                      |
| Full Review:                 |                                     |                             |            |                           |            |                      |            |                                                         |            |                      |           |                                      |
| CBM - Assessment Area - 2000 | 100.00                              | 8,005                       | 1,062,408  | 2,939                     | 414,057    | 0                    | 0          | 22                                                      | 50,800     | 10,966               | 1,527,265 | 100.00                               |
| Limited Review:              |                                     |                             |            |                           |            |                      |            |                                                         |            |                      |           |                                      |
| CBM - MSA 0740               | 7.30                                | 696                         | 95,024     | 102                       | 14,685     | 0                    | 0          | 2                                                       | 2,200      | 800                  | 111,909   | 3.50                                 |
| CBM - Non MSA Area - 2000    | 2.22                                | 205                         | 29,898     | 37                        | 8,619      | 0                    | 0          | 1                                                       | 405        | 243                  | 38,760    | 0.50                                 |
| CBM CMSA 1120 - 2000         | 87.83                               | 6,841                       | 907,823    | 2,769                     | 386,659    | 0                    | 0          | 21                                                      | 49,005     | 9,631                | 1,343,487 | 95.70                                |
| CBM PMSA 6480 - 2000         | 2.69                                | 263                         | 29,663     | 31                        | 4,094      | 0                    | 0          | 1                                                       | 405        | 295                  | 34,162    | 0.20                                 |

**Table 1b. Lending Volume Year to Date 2002**

| LENDING VOLUME<br>2002        |                                                 | Geography: CITIZENS AA 2002 |            |                              |            |                      |            | Evaluation Period: JANUARY 1, 2002 TO SEPTEMBER 30, 2002 |            |                         |           |                                            |
|-------------------------------|-------------------------------------------------|-----------------------------|------------|------------------------------|------------|----------------------|------------|----------------------------------------------------------|------------|-------------------------|-----------|--------------------------------------------|
| MA/Assessment Area<br>(2002): | % of<br>Rated<br>Area<br>Loans (#)<br>in MA/AA* | Home Mortgage               |            | Small Loans to<br>Businesses |            | Small Loans to Farms |            | Community<br>Development Loans**                         |            | Total Reported<br>Loans |           | % of Rated Area<br>Deposits in<br>MA/AA*** |
|                               |                                                 | #                           | \$ (000's) | #                            | \$ (000's) | #                    | \$ (000's) | #                                                        | \$ (000's) | #                       | \$(000's) |                                            |
| Full Review:                  |                                                 |                             |            |                              |            |                      |            |                                                          |            |                         |           |                                            |
| CBM - Massachusetts -<br>2002 | 100.00                                          | 8,801                       | 1,565,104  | 3,037                        | 363,068    | 0                    | 0          | 13                                                       | 21,965     | 11,851                  | 1,950,137 | 100.00                                     |
| Limited Review:               |                                                 |                             |            |                              |            |                      |            |                                                          |            |                         |           |                                            |
| CBM - CMSA 1120 -<br>2002     | 88.04                                           | 7,610                       | 1,384,469  | 2,811                        | 339,929    | 0                    | 0          | 12                                                       | 21,565     | 10,433                  | 1,745,963 | 95.12                                      |
| CBM - MSA 0740                | 5.52                                            | 541                         | 88,813     | 111                          | 12,867     | 0                    | 0          | 2                                                        | 1,049      | 654                     | 102,729   | 3.57                                       |
| CBM - MSA 6320 - 2002         | 0.46                                            | 45                          | 6,260      | 9                            | 179        | 0                    | 0          | 1                                                        | 649        | 55                      | 7,088     | 0.09                                       |
| CBM - MSA 8000 - 2002         | 1.15                                            | 128                         | 13,052     | 7                            | 269        | 0                    | 0          | 1                                                        | 649        | 136                     | 13,970    | 0.09                                       |
| CBM - Non-MSA Area -<br>2002  | 1.76                                            | 178                         | 32,779     | 29                           | 4,061      | 0                    | 0          | 1                                                        | 649        | 208                     | 37,489    | 0.69                                       |
| CBM - PMSA 6480 -<br>2002     | 3.12                                            | 299                         | 39,731     | 70                           | 5,763      | 0                    | 0          | 1                                                        | 649        | 370                     | 46,143    | 0.57                                       |

\* Loan Data as of September 30, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From January 01, 2002 to September 30, 2002.

\*\*\* Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table2. Geographic Distribution of Home Purchase Loans Year 2000**

| Geographic Distribution: HOME PURCHASE<br>31, 2000 |                              |                 | Geography: CBMA - 2000 AA     |                 |                                |                 |                               |                 | Evaluation Period: JANUARY 1, 2000 TO DECEMBER |                 |                                                |       |       |       |
|----------------------------------------------------|------------------------------|-----------------|-------------------------------|-----------------|--------------------------------|-----------------|-------------------------------|-----------------|------------------------------------------------|-----------------|------------------------------------------------|-------|-------|-------|
| MA/Assessment Area:                                | Total Home<br>Purchase Loans |                 | Low-Income<br>Geographies     |                 | Moderate-Income<br>Geographies |                 | Middle-Income<br>Geographies  |                 | Upper-Income<br>Geographies                    |                 | Aggregate HMDA Lending (%) by<br>Tract Income* |       |       |       |
|                                                    | #                            | % of<br>Total** | %<br>Owner<br>Occ<br>Units*** | % BANK<br>Loans | %<br>Owner<br>Occ<br>Units***  | % BANK<br>Loans | %<br>Owner<br>Occ<br>Units*** | % BANK<br>Loans | %<br>Owner<br>Occ<br>Units***                  | % BANK<br>Loans | Low                                            | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                                |                              |                 |                               |                 |                                |                 |                               |                 |                                                |                 |                                                |       |       |       |
| CBM - Assessment Area<br>- 2000                    | 1,221                        | 100.00          | 0.88                          | 6.06            | 11.93                          | 31.61           | 58.85                         | 46.60           | 28.34                                          | 15.72           | 2.14                                           | 16.42 | 56.51 | 24.9% |
| <b>Limited Review:</b>                             |                              |                 |                               |                 |                                |                 |                               |                 |                                                |                 |                                                |       |       |       |
| CBM - MSA 0740                                     | 135                          | 11.06           | 0.00                          | 0.00            | 3.50                           | 8.15            | 75.84                         | 79.26           | 20.66                                          | 12.59           | 0.00                                           | 8.60  | 74.06 | 17.3% |
| CBM - Non MSA Area -<br>2000                       | 26                           | 2.13            | 0.00                          | 0.00            | 6.60                           | 0.00            | 76.73                         | 80.77           | 16.67                                          | 19.23           | 0.00                                           | 13.57 | 73.10 | 13.3% |
| CBM CMSA 1120 - 2000                               | 1,021                        | 83.62           | 0.98                          | 7.25            | 12.17                          | 35.85           | 57.83                         | 41.53           | 29.02                                          | 15.38           | 2.40                                           | 17.04 | 55.21 | 25.3% |
| CBM PMSA 6480 - 2000                               | 39                           | 3.19            | 0.00                          | 0.00            | 16.72                          | 23.08           | 57.60                         | 43.59           | 25.68                                          | 33.33           | 0.00                                           | 14.02 | 54.66 | 31.3% |

\* Based on 2000 Peer Mortgage Data: US & PR.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Table2a. Geographic Distribution of Home Purchase Loans Year 2001**

| Geographic Distribution: HOME PURCHASE<br>31, 2001 |                              |                 | Geography: CITIZENS AA 2000   |                 |                                |                 |                               |                 | Evaluation Period: JANUARY 1, 2001 TO DECEMBER |                 |                                                   |       |       |      |
|----------------------------------------------------|------------------------------|-----------------|-------------------------------|-----------------|--------------------------------|-----------------|-------------------------------|-----------------|------------------------------------------------|-----------------|---------------------------------------------------|-------|-------|------|
| MA/Assessment Area:                                | Total Home<br>Purchase Loans |                 | Low-Income<br>Geographies     |                 | Moderate-Income<br>Geographies |                 | Middle-Income<br>Geographies  |                 | Upper-Income<br>Geographies                    |                 | Aggregate HMDA Lending (%) by<br>Tract Income**** |       |       |      |
|                                                    | #                            | % of<br>Total** | %<br>Owner<br>Occ<br>Units*** | % BANK<br>Loans | %<br>Owner<br>Occ<br>Units***  | % BANK<br>Loans | %<br>Owner<br>Occ<br>Units*** | % BANK<br>Loans | %<br>Owner<br>Occ<br>Units***                  | % BANK<br>Loans | Low                                               | Mod   | Mid   | Upp  |
| <b>Full Review:</b>                                |                              |                 |                               |                 |                                |                 |                               |                 |                                                |                 |                                                   |       |       |      |
| CBM - Assessment Area<br>- 2000                    | 1,734                        | 100.00          | 0.88                          | 5.77            | 11.93                          | 31.20           | 58.85                         | 49.02           | 28.34                                          | 14.01           | 2.11                                              | 15.76 | 57.54 | 24.5 |
| <b>Limited Review:</b>                             |                              |                 |                               |                 |                                |                 |                               |                 |                                                |                 |                                                   |       |       |      |
| CBM - MSA 0740                                     | 158                          | 9.11            | 0.00                          | 0.00            | 3.50                           | 9.49            | 75.84                         | 81.65           | 20.66                                          | 8.86            | 0.00                                              | 7.59  | 75.66 | 16.7 |
| CBM - Non MSA Area -<br>2000                       | 54                           | 3.11            | 0.00                          | 0.00            | 6.60                           | 16.67           | 76.73                         | 74.07           | 16.67                                          | 9.26            | 0.00                                              | 14.87 | 74.73 | 10.4 |
| CBM CMSA 1120 - 2000                               | 1,456                        | 83.97           | 0.98                          | 6.87            | 12.17                          | 34.48           | 57.83                         | 44.64           | 29.02                                          | 14.01           | 2.35                                              | 16.24 | 56.36 | 25.0 |
| CBM PMSA 6480 - 2000                               | 66                           | 3.81            | 0.00                          | 0.00            | 16.72                          | 22.73           | 57.60                         | 46.97           | 25.68                                          | 30.30           | 0.11                                              | 15.76 | 54.00 |      |

\*\*\*\* Based on 2001 Peer Mortgage Data: US and PR.

**Table2b. Geographic Distribution of Home Purchase Loans Year to Date 2002**

| Geographic Distribution: HOME PURCHASE<br>SEPTEMBER 30, 2002 |                              |                 | Geography: CITIZENS AA 2002   |                 |                                |                 |                               |                 | Evaluation Period: JANUARY 1, 2002 TO |                 |                                                |      |      |      |
|--------------------------------------------------------------|------------------------------|-----------------|-------------------------------|-----------------|--------------------------------|-----------------|-------------------------------|-----------------|---------------------------------------|-----------------|------------------------------------------------|------|------|------|
| MA/Assessment Area:                                          | Total Home<br>Purchase Loans |                 | Low-Income<br>Geographies     |                 | Moderate-Income<br>Geographies |                 | Middle-Income<br>Geographies  |                 | Upper-Income<br>Geographies           |                 | Aggregate HMDA Lending (%) by<br>Tract Income* |      |      |      |
|                                                              | #                            | % of<br>Total** | %<br>Owner<br>Occ<br>Units*** | % BANK<br>Loans | %<br>Owner<br>Occ<br>Units***  | % BANK<br>Loans | %<br>Owner<br>Occ<br>Units*** | % BANK<br>Loans | %<br>Owner<br>Occ<br>Units***         | % BANK<br>Loans | Low                                            | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                                          |                              |                 |                               |                 |                                |                 |                               |                 |                                       |                 |                                                |      |      |      |
| CBM - Massachusetts -<br>2002                                | 1,722                        | 100.00          | 0.90                          | 5.52            | 10.85                          | 35.37           | 61.27                         | 44.83           | 26.98                                 | 14.29           | 0.00                                           | 0.00 | 0.00 | 0.00 |
| <b>Limited Review:</b>                                       |                              |                 |                               |                 |                                |                 |                               |                 |                                       |                 |                                                |      |      |      |
| CBM - CMSA 1120 -<br>2002                                    | 1,444                        | 83.86           | 0.93                          | 6.02            | 11.73                          | 38.92           | 59.12                         | 40.44           | 28.22                                 | 14.61           | 0.00                                           | 0.00 | 0.00 | 0.00 |
| CBM - MSA 0740                                               | 130                          | 7.55            | 0.00                          | 0.00            | 3.50                           | 10.00           | 75.84                         | 75.38           | 20.66                                 | 14.62           | 0.00                                           | 0.00 | 0.00 | 0.00 |
| CBM - MSA 6320 - 2002                                        | 7                            | 0.41            | 0.96                          | 0.00            | 12.98                          | 28.57           | 71.26                         | 57.14           | 14.79                                 | 14.29           | 0.00                                           | 0.00 | 0.00 | 0.00 |
| CBM - MSA 8000 - 2002                                        | 57                           | 3.31            | 1.58                          | 14.04           | 6.20                           | 22.81           | 66.38                         | 63.16           | 25.84                                 | 0.00            | 0.00                                           | 0.00 | 0.00 | 0.00 |
| CBM - Non-MSA Area -<br>2002                                 | 37                           | 2.15            | 0.04                          | 0.00            | 6.51                           | 8.11            | 80.71                         | 75.68           | 12.73                                 | 16.22           | 0.00                                           | 0.00 | 0.00 | 0.00 |
| CBM - PMSA 6480 -<br>2002                                    | 47                           | 2.73            | 0.00                          | 0.00            | 15.33                          | 34.04           | 52.82                         | 46.81           | 31.85                                 | 19.15           | 0.00                                           | 0.00 | 0.00 | 0.00 |

\* Based on No Peer data for Current year.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Table 3. Geographic Distribution of Home Improvement Loans Year 2000**

| Geographic Distribution: HOME IMPROVEMENT<br>31, 2000 |                              |             | Geography: CBMA - 2000 AA |              |                             |              |                           |              | Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2000 |              |                                             |       |       |       |
|-------------------------------------------------------|------------------------------|-------------|---------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|---------------------------------------------------------|--------------|---------------------------------------------|-------|-------|-------|
| MA/Assessment Area:                                   | Total Home Improvement Loans |             | Low-Income Geographies    |              | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies                                |              | Aggregate HMDA Lending (%) by Tract Income* |       |       |       |
|                                                       | #                            | % of Total* | % Owner Occ Units***      | % BANK Loans | % Owner Occ Units***        | % BANK Loans | % Owner Occ Units***      | % BANK Loans | % Owner Occ Units***                                    | % BANK Loans | Low                                         | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                                   |                              |             |                           |              |                             |              |                           |              |                                                         |              |                                             |       |       |       |
| CBM - Assessment Area - 2000                          | 1,555                        | 100.00      | 0.88                      | 0.96         | 11.93                       | 11.25        | 58.85                     | 59.68        | 28.34                                                   | 28.04        | 1.41                                        | 12.13 | 61.57 | 24.87 |
| <b>Limited Review:</b>                                |                              |             |                           |              |                             |              |                           |              |                                                         |              |                                             |       |       |       |
| CBM - MSA 0740                                        | 107                          | 6.88        | 0.00                      | 0.00         | 3.50                        | 1.87         | 75.84                     | 66.36        | 20.66                                                   | 31.78        | 0.00                                        | 2.31  | 67.75 | 29.94 |
| CBM - Non MSA Area - 2000                             | 32                           | 2.06        | 0.00                      | 0.00         | 6.60                        | 0.00         | 76.73                     | 84.38        | 16.67                                                   | 15.63        | 0.00                                        | 3.00  | 85.00 | 12.00 |
| CBM CMSA 1120 - 2000                                  | 1,376                        | 88.49       | 0.98                      | 1.09         | 12.17                       | 12.57        | 57.83                     | 59.30        | 29.02                                                   | 26.96        | 1.60                                        | 12.74 | 61.01 | 24.64 |
| CBM PMSA 6480 - 2000                                  | 40                           | 2.57        | 0.00                      | 0.00         | 16.72                       | 0.00         | 57.60                     | 35.00        | 25.68                                                   | 65.00        | 0.00                                        | 12.20 | 60.31 | 27.49 |

\* Based on 2000 Peer Mortgage Data: US & PR.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 3a. Geographic Distribution of Home Improvement Loans Year 2001**

| Geographic Distribution: HOME IMPROVEMENT<br>DECEMBER 31, 2001 |                              |                  |                        | Geography: CITIZENS AA 2000 |                             |              |                           | Evaluation Period: JANUARY 1, 2001 TO |                          |              |                                                |       |       |       |
|----------------------------------------------------------------|------------------------------|------------------|------------------------|-----------------------------|-----------------------------|--------------|---------------------------|---------------------------------------|--------------------------|--------------|------------------------------------------------|-------|-------|-------|
| MA/Assessment Area:                                            | Total Home Improvement Loans |                  | Low-Income Geographies |                             | Moderate-Income Geographies |              | Middle-Income Geographies |                                       | Upper-Income Geographies |              | Aggregate HMDA Lending (%) by Tract Income**** |       |       |       |
|                                                                | #                            | % of Total*<br>* | % Owner Occ Units***   | % BANK Loans                | % Owner Occ Units***        | % BANK Loans | % Owner Occ Units***      | % BANK Loans                          | % Owner Occ Units***     | % BANK Loans | Low                                            | Mod   | Mid   | Upp   |
| Full Review:                                                   |                              |                  |                        |                             |                             |              |                           |                                       |                          |              |                                                |       |       |       |
| CBM - Assessment Area - 2000                                   | 2,006                        | 100.00           | 0.88                   | 0.75                        | 11.93                       | 12.66        | 58.85                     | 58.67                                 | 28.34                    | 27.87        | 1.12                                           | 12.47 | 58.86 | 27.55 |
| Limited Review:                                                |                              |                  |                        |                             |                             |              |                           |                                       |                          |              |                                                |       |       |       |
| CBM - MSA 0740                                                 | 96                           | 4.79             | 0.00                   | 0.00                        | 3.50                        | 3.13         | 75.84                     | 77.08                                 | 20.66                    | 19.79        | 0.00                                           | 3.89  | 70.22 | 25.89 |
| CBM - Non MSA Area - 2000                                      | 36                           | 1.79             | 0.00                   | 0.00                        | 6.60                        | 0.00         | 76.73                     | 86.11                                 | 16.67                    | 13.89        | 0.00                                           | 3.06  | 86.73 | 10.20 |
| CBM CMSA 1120 - 2000                                           | 1,811                        | 90.28            | 0.98                   | 0.83                        | 12.17                       | 13.80        | 57.83                     | 57.76                                 | 29.02                    | 27.55        | 1.27                                           | 12.92 | 58.07 | 27.74 |
| CBM PMSA 6480 - 2000                                           | 63                           | 3.14             | 0.00                   | 0.00                        | 16.72                       | 1.59         | 57.60                     | 41.27                                 | 25.68                    | 57.14        | 0.00                                           | 13.63 | 56.70 | 29.67 |

\*\*\*\* Based on 2001 Peer Mortgage Data: US and PR.

**Table 3b. Geographic Distribution of Home Improvement Loans Year to Date 2002**

| Geographic Distribution: HOME IMPROVEMENT<br>SEPTEMBER 30, 2002 |                              | Geography: CITIZENS AA 2002 |                        |              |                             |              |                           |              |                          | Evaluation Period: JANUARY 1, 2002 TO |                                             |      |      |      |
|-----------------------------------------------------------------|------------------------------|-----------------------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|---------------------------------------|---------------------------------------------|------|------|------|
| MA/Assessment Area:                                             | Total Home Improvement Loans |                             | Low-Income Geographies |              | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies |                                       | Aggregate HMDA Lending (%) by Tract Income* |      |      |      |
|                                                                 | #                            | % of Total*<br>*            | % Owner Occ Units***   | % BANK Loans | % Owner Occ Units***        | % BANK Loans | % Owner Occ Units***      | % BANK Loans | % Owner Occ Units***     | % BANK Loans                          | Low                                         | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                                             |                              |                             |                        |              |                             |              |                           |              |                          |                                       |                                             |      |      |      |
| CBM - Massachusetts - 2002                                      | 828                          | 100.00                      | 0.90                   | 1.81         | 10.85                       | 10.51        | 61.27                     | 58.09        | 26.98                    | 29.59                                 | 0.00                                        | 0.00 | 0.00 | 0.00 |
| <b>Limited Review:</b>                                          |                              |                             |                        |              |                             |              |                           |              |                          |                                       |                                             |      |      |      |
| CBM - CMSA 1120 - 2002                                          | 716                          | 86.47                       | 0.93                   | 2.09         | 11.73                       | 11.73        | 59.12                     | 57.26        | 28.22                    | 28.91                                 | 0.00                                        | 0.00 | 0.00 | 0.00 |
| CBM - MSA 0740                                                  | 51                           | 6.16                        | 0.00                   | 0.00         | 3.50                        | 0.00         | 75.84                     | 70.59        | 20.66                    | 29.41                                 | 0.00                                        | 0.00 | 0.00 | 0.00 |
| CBM - MSA 6320 - 2002                                           | 2                            | 0.24                        | 0.96                   | 0.00         | 12.98                       | 50.00        | 71.26                     | 50.00        | 14.79                    | 0.00                                  | 0.00                                        | 0.00 | 0.00 | 0.00 |
| CBM - MSA 8000 - 2002                                           | 13                           | 1.57                        | 1.58                   | 0.00         | 6.20                        | 0.00         | 66.38                     | 69.23        | 25.84                    | 30.77                                 | 0.00                                        | 0.00 | 0.00 | 0.00 |
| CBM - Non-MSA Area - 2002                                       | 11                           | 1.33                        | 0.04                   | 0.00         | 6.51                        | 9.09         | 80.71                     | 72.73        | 12.73                    | 18.18                                 | 0.00                                        | 0.00 | 0.00 | 0.00 |
| CBM - PMSA 6480 - 2002                                          | 35                           | 4.23                        | 0.00                   | 0.00         | 15.33                       | 2.86         | 52.82                     | 48.57        | 31.85                    | 48.57                                 | 0.00                                        | 0.00 | 0.00 | 0.00 |

\* Based on FOR Peer use Current year.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans Year 2000**

| Geographic Distribution: HOME MORTGAGE REFINANCE<br>DECEMBER 31, 2000 |                                     |              |                        | Geography: CBMA - 2000 AA |                             |              |                           | Evaluation Period: JANUARY 1, 2000 TO |                          |              |                                             |       |       |       |
|-----------------------------------------------------------------------|-------------------------------------|--------------|------------------------|---------------------------|-----------------------------|--------------|---------------------------|---------------------------------------|--------------------------|--------------|---------------------------------------------|-------|-------|-------|
| MA/Assessment Area:                                                   | Total Home Mortgage Refinance Loans |              | Low-Income Geographies |                           | Moderate-Income Geographies |              | Middle-Income Geographies |                                       | Upper-Income Geographies |              | Aggregate HMDA Lending (%) by Tract Income* |       |       |       |
|                                                                       | #                                   | % of Total** | % Owner Occ Units***   | % BANK Loans              | % Owner Occ Units***        | % BANK Loans | % Owner Occ Units***      | % BANK Loans                          | % Owner Occ Units***     | % BANK Loans | Low                                         | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                                                   |                                     |              |                        |                           |                             |              |                           |                                       |                          |              |                                             |       |       |       |
| CBM - Assessment Area - 2000                                          | 1,045                               | 100.00       | 0.88                   | 2.11                      | 11.93                       | 14.35        | 58.85                     | 57.22                                 | 28.34                    | 26.32        | 1.87                                        | 14.83 | 59.03 | 24.29 |
| <b>Limited Review:</b>                                                |                                     |              |                        |                           |                             |              |                           |                                       |                          |              |                                             |       |       |       |
| CBM - MSA 0740                                                        | 87                                  | 8.33         | 0.00                   | 0.00                      | 3.50                        | 1.15         | 75.84                     | 74.71                                 | 20.66                    | 24.14        | 0.00                                        | 5.25  | 72.83 | 21.92 |
| CBM - Non MSA Area - 2000                                             | 25                                  | 2.39         | 0.00                   | 0.00                      | 6.60                        | 0.00         | 76.73                     | 72.00                                 | 16.67                    | 28.00        | 0.00                                        | 6.86  | 78.54 | 14.60 |
| CBM CMSA 1120 - 2000                                                  | 907                                 | 86.79        | 0.98                   | 2.43                      | 12.17                       | 16.43        | 57.83                     | 54.69                                 | 29.02                    | 26.46        | 2.10                                        | 15.78 | 57.81 | 24.29 |
| CBM PMSA 6480 - 2000                                                  | 26                                  | 2.49         | 0.00                   | 0.00                      | 16.72                       | 0.00         | 57.60                     | 73.08                                 | 25.68                    | 26.92        | 0.00                                        | 10.91 | 57.04 | 32.05 |

\* Based on 2000 Peer Mortgage Data: US & PR.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 4a. Geographic Distribution of Home Mortgage Refinance Loans Year 2001**

| Geographic Distribution: HOME MORTGAGE REFINANCE<br>DECEMBER 31, 2001 |                                     |              |                        | Geography: CITIZENS AA 2000 |                             |              |                           | Evaluation Period: JANUARY 1, 2001 TO |                          |              |                                                |       |       |       |
|-----------------------------------------------------------------------|-------------------------------------|--------------|------------------------|-----------------------------|-----------------------------|--------------|---------------------------|---------------------------------------|--------------------------|--------------|------------------------------------------------|-------|-------|-------|
| MA/Assessment Area:                                                   | Total Home Mortgage Refinance Loans |              | Low-Income Geographies |                             | Moderate-Income Geographies |              | Middle-Income Geographies |                                       | Upper-Income Geographies |              | Aggregate HMDA Lending (%) by Tract Income**** |       |       |       |
|                                                                       | #                                   | % of Total** | % Owner Occ Units***   | % BANK Loans                | % Owner Occ Units***        | % BANK Loans | % Owner Occ Units***      | % BANK Loans                          | % Owner Occ Units***     | % BANK Loans | Low                                            | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                                                   |                                     |              |                        |                             |                             |              |                           |                                       |                          |              |                                                |       |       |       |
| CBM - Assessment Area - 2000                                          | 4,252                               | 100.00       | 0.88                   | 1.58                        | 11.93                       | 13.05        | 58.85                     | 58.35                                 | 28.34                    | 27.00        | 1.11                                           | 11.57 | 58.85 | 28.45 |
| <b>Limited Review:</b>                                                |                                     |              |                        |                             |                             |              |                           |                                       |                          |              |                                                |       |       |       |
| CBM - MSA 0740                                                        | 442                                 | 10.40        | 0.00                   | 0.00                        | 3.50                        | 3.62         | 75.84                     | 75.79                                 | 20.66                    | 20.59        | 0.00                                           | 4.88  | 70.98 | 24.14 |
| CBM - Non MSA Area - 2000                                             | 112                                 | 2.63         | 0.00                   | 0.00                        | 6.60                        | 0.89         | 76.73                     | 83.04                                 | 16.67                    | 16.07        | 0.00                                           | 7.76  | 78.09 | 14.15 |
| CBM CMSA 1120 - 2000                                                  | 3,564                               | 83.82        | 0.98                   | 1.88                        | 12.17                       | 14.76        | 57.83                     | 56.23                                 | 29.02                    | 27.10        | 1.24                                           | 12.08 | 58.01 | 28.66 |
| CBM PMSA 6480 - 2000                                                  | 134                                 | 3.15         | 0.00                   | 0.00                        | 16.72                       | 8.96         | 57.60                     | 36.57                                 | 25.68                    | 54.48        | 0.00                                           | 9.73  | 53.85 | 36.41 |

\*\*\*\* Based on 2001 Peer Mortgage Data: US and PR.

**Table 4b. Geographic Distribution of Home Mortgage Refinance Loans Year to Date 2002**

| Geographic Distribution: HOME MORTGAGE REFINANCE<br>SEPTEMBER 30, 2002 |                                     |              |                        | Geography: CITIZENS AA 2002 |                             |              |                           | Evaluation Period: JANUARY 1, 2002 TO |                          |              |                                             |      |      |      |
|------------------------------------------------------------------------|-------------------------------------|--------------|------------------------|-----------------------------|-----------------------------|--------------|---------------------------|---------------------------------------|--------------------------|--------------|---------------------------------------------|------|------|------|
| MA/Assessment Area:                                                    | Total Home Mortgage Refinance Loans |              | Low-Income Geographies |                             | Moderate-Income Geographies |              | Middle-Income Geographies |                                       | Upper-Income Geographies |              | Aggregate HMDA Lending (%) by Tract Income* |      |      |      |
|                                                                        | #                                   | % of Total** | % Owner Occ Units***   | % BANK Loans                | % Owner Occ Units***        | % BANK Loans | % Owner Occ Units***      | % BANK Loans                          | % Owner Occ Units***     | % BANK Loans | Low                                         | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                                                    |                                     |              |                        |                             |                             |              |                           |                                       |                          |              |                                             |      |      |      |
| CBM - Massachusetts - 2002                                             | 6,246                               | 100.00       | 0.90                   | 0.86                        | 10.85                       | 8.20         | 61.27                     | 56.40                                 | 26.98                    | 34.53        | 0.00                                        | 0.00 | 0.00 | 0.00 |
| <b>Limited Review:</b>                                                 |                                     |              |                        |                             |                             |              |                           |                                       |                          |              |                                             |      |      |      |
| CBM - CMSA 1120 - 2002                                                 | 5,446                               | 87.19        | 0.93                   | 0.97                        | 11.73                       | 8.70         | 59.12                     | 55.75                                 | 28.22                    | 34.58        | 0.00                                        | 0.00 | 0.00 | 0.00 |
| CBM - MSA 0740                                                         | 360                                 | 5.76         | 0.00                   | 0.00                        | 3.50                        | 4.44         | 75.84                     | 71.67                                 | 20.66                    | 23.89        | 0.00                                        | 0.00 | 0.00 | 0.00 |
| CBM - MSA 6320 - 2002                                                  | 36                                  | 0.58         | 0.96                   | 0.00                        | 12.98                       | 5.56         | 71.26                     | 55.56                                 | 14.79                    | 38.89        | 0.00                                        | 0.00 | 0.00 | 0.00 |
| CBM - MSA 8000 - 2002                                                  | 58                                  | 0.93         | 1.58                   | 1.72                        | 6.20                        | 3.45         | 66.38                     | 50.00                                 | 25.84                    | 44.83        | 0.00                                        | 0.00 | 0.00 | 0.00 |
| CBM - Non-MSA Area - 2002                                              | 129                                 | 2.07         | 0.04                   | 0.00                        | 6.51                        | 3.88         | 80.71                     | 77.52                                 | 12.73                    | 18.60        | 0.00                                        | 0.00 | 0.00 | 0.00 |
| CBM - PMSA 6480 - 2002                                                 | 217                                 | 3.47         | 0.00                   | 0.00                        | 15.33                       | 5.99         | 52.82                     | 36.87                                 | 31.85                    | 57.14        | 0.00                                        | 0.00 | 0.00 | 0.00 |

\* Based on No Peer data for Current year.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 5. Geographic Distribution of Multifamily Loans Year 2000**

| Geographic Distribution: MULTIFAMILY<br>2000 |                               |                 | Geography: CBMA - 2000 AA |                 |                                |                 |                              |                 | Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, |                 |                                                |       |       |       |
|----------------------------------------------|-------------------------------|-----------------|---------------------------|-----------------|--------------------------------|-----------------|------------------------------|-----------------|----------------------------------------------------|-----------------|------------------------------------------------|-------|-------|-------|
| MA/Assessment Area:                          | Total<br>Multifamily<br>Loans |                 | Low-Income<br>Geographies |                 | Moderate-Income<br>Geographies |                 | Middle-Income<br>Geographies |                 | Upper-Income<br>Geographies                        |                 | Aggregate HMDA Lending (%) by<br>Tract Income* |       |       |       |
|                                              | #                             | % of<br>Total** | % of MF<br>Units***       | % BANK<br>Loans | % MF<br>Units***               | % BANK<br>Loans | % MF<br>Units***             | % BANK<br>Loans | % MF<br>Units***                                   | % BANK<br>Loans | Low                                            | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                          |                               |                 |                           |                 |                                |                 |                              |                 |                                                    |                 |                                                |       |       |       |
| CBM - Assessment<br>Area - 2000              | 7                             | 100.0<br>0      | 11.13                     | 14.29           | 30.17                          | 28.57           | 44.01                        | 57.14           | 14.70                                              | 0.00            | 10.02                                          | 40.89 | 40.21 | 8.66  |
| <b>Limited Review:</b>                       |                               |                 |                           |                 |                                |                 |                              |                 |                                                    |                 |                                                |       |       |       |
| CBM PMSA 6480 -<br>2000                      | 0                             | 0.00            | 1.78                      | 0.00            | 65.26                          | 0.00            | 21.61                        | 0.00            | 11.35                                              | 0.00            | 0.00                                           | 76.25 | 20.00 | 3.75  |
| CBM CMSA 1120 -<br>2000                      | 7                             | 100.0<br>0      | 11.82                     | 14.29           | 28.68                          | 28.57           | 44.44                        | 57.14           | 15.06                                              | 0.00            | 11.28                                          | 37.56 | 41.92 | 8.97  |
| CBM - Non MSA Area<br>- 2000                 | 0                             | 0.00            | 0.00                      | 0.00            | 34.74                          | 0.00            | 54.40                        | 0.00            | 10.86                                              | 0.00            | 0.00                                           | 42.86 | 42.86 | 14.29 |
| CBM - MSA 0740                               | 0                             | 0.00            | 0.00                      | 0.00            | 22.64                          | 0.00            | 72.80                        | 0.00            | 4.56                                               | 0.00            | 0.00                                           | 18.18 | 63.64 | 18.18 |

\* Based on 2000 Peer Mortgage Data: US & PR.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

**Table 5a. Geographic Distribution of Multifamily Loans Year 2001**

| Geographic Distribution: MULTIFAMILY<br>2001 |                               |                 | Geography: CITIZENS AA 2000 |                 |                                |                 |                              |                 | Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2001 |                 |                                                   |       |       |       |
|----------------------------------------------|-------------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|------------------------------|-----------------|---------------------------------------------------------|-----------------|---------------------------------------------------|-------|-------|-------|
| MA/Assessment Area:                          | Total<br>Multifamily<br>Loans |                 | Low-Income<br>Geographies   |                 | Moderate-Income<br>Geographies |                 | Middle-Income<br>Geographies |                 | Upper-Income<br>Geographies                             |                 | Aggregate HMDA Lending (%) by<br>Tract Income**** |       |       |       |
|                                              | #                             | % of<br>Total** | % of MF<br>Units***         | % BANK<br>Loans | % MF<br>Units***               | % BANK<br>Loans | % MF<br>Units***             | % BANK<br>Loans | % MF<br>Units***                                        | % BANK<br>Loans | Low                                               | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                          |                               |                 |                             |                 |                                |                 |                              |                 |                                                         |                 |                                                   |       |       |       |
| CBM - Assessment<br>Area - 2000              | 13                            | 100.00          | 11.13                       | 7.69            | 30.17                          | 46.15           | 44.01                        | 23.08           | 14.70                                                   | 23.08           | 9.74                                              | 40.85 | 38.29 | 11.13 |
| <b>Limited Review:</b>                       |                               |                 |                             |                 |                                |                 |                              |                 |                                                         |                 |                                                   |       |       |       |
| CBM PMSA 6480 -<br>2000                      | 0                             | 0.00            | 1.78                        | 0.00            | 65.26                          | 0.00            | 21.61                        | 0.00            | 11.35                                                   | 0.00            | 0.97                                              | 69.90 | 22.33 | 6.80  |
| CBM CMSA 1120 -<br>2000                      | 10                            | 76.92           | 11.82                       | 10.00           | 28.68                          | 60.00           | 44.44                        | 10.00           | 15.06                                                   | 20.00           | 10.94                                             | 38.17 | 39.51 | 11.38 |
| CBM - Non MSA Area -<br>2000                 | 3                             | 23.08           | 0.00                        | 0.00            | 34.74                          | 0.00            | 54.40                        | 66.67           | 10.86                                                   | 33.33           | 0.00                                              | 0.00  | 66.67 | 33.33 |
| CBM - MSA 0740                               | 0                             | 0.00            | 0.00                        | 0.00            | 22.64                          | 0.00            | 72.80                        | 0.00            | 4.56                                                    | 0.00            | 0.00                                              | 7.14  | 71.43 | 21.43 |

\*\*\*\* Based on 2001 Peer Mortgage Data: US and PR.

**Table 5b. Geographic Distribution of Multifamily Loans Year to Date 2002**

| Geographic Distribution: MULTIFAMILY<br>30, 2002 |                               |                 | Geography: CITIZENS AA 2002 |                 |                                |                 |                              |                 | Evaluation Period: JANUARY 1, 2002 TO SEPTEMBER |                 |                                                |      |      |      |
|--------------------------------------------------|-------------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|------------------------------|-----------------|-------------------------------------------------|-----------------|------------------------------------------------|------|------|------|
| MA/Assessment Area:                              | Total<br>Multifamily<br>Loans |                 | Low-Income<br>Geographies   |                 | Moderate-Income<br>Geographies |                 | Middle-Income<br>Geographies |                 | Upper-Income<br>Geographies                     |                 | Aggregate HMDA Lending (%) by<br>Tract Income* |      |      |      |
|                                                  | #                             | % of<br>Total** | % of MF<br>Units***         | % BANK<br>Loans | % MF<br>Units***               | % BANK<br>Loans | % MF<br>Units***             | % BANK<br>Loans | % MF<br>Units***                                | % BANK<br>Loans | Low                                            | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                              |                               |                 |                             |                 |                                |                 |                              |                 |                                                 |                 |                                                |      |      |      |
| CBM - Massachusetts<br>- 2002                    | 5                             | 100.0<br>0      | 12.56                       | 0.00            | 28.47                          | 60.00           | 45.67                        | 40.00           | 13.31                                           | 0.00            | 0.00                                           | 0.00 | 0.00 | 0.00 |
| <b>Limited Review:</b>                           |                               |                 |                             |                 |                                |                 |                              |                 |                                                 |                 |                                                |      |      |      |
| CBM - PMSA 6480 -<br>2002                        | 0                             | 0.00            | 1.78                        | 0.00            | 65.21                          | 0.00            | 21.59                        | 0.00            | 11.43                                           | 0.00            | 0.00                                           | 0.00 | 0.00 | 0.00 |
| CBM - Non-MSA Area<br>- 2002                     | 1                             | 20.00           | 3.78                        | 0.00            | 27.72                          | 0.00            | 63.23                        | 100.00          | 5.27                                            | 0.00            | 0.00                                           | 0.00 | 0.00 | 0.00 |
| CBM - MSA 8000 -<br>2002                         | 0                             | 0.00            | 24.03                       | 0.00            | 15.91                          | 0.00            | 52.60                        | 0.00            | 7.46                                            | 0.00            | 0.00                                           | 0.00 | 0.00 | 0.00 |
| CBM - MSA 6320 -<br>2002                         | 0                             | 0.00            | 25.98                       | 0.00            | 29.66                          | 0.00            | 43.62                        | 0.00            | 0.74                                            | 0.00            | 0.00                                           | 0.00 | 0.00 | 0.00 |
| CBM - MSA 0740                                   | 0                             | 0.00            | 0.00                        | 0.00            | 22.64                          | 0.00            | 72.80                        | 0.00            | 4.56                                            | 0.00            | 0.00                                           | 0.00 | 0.00 | 0.00 |
| CBM - CMSA 1120 -<br>2002                        | 4                             | 80.00           | 11.96                       | 0.00            | 28.43                          | 75.00           | 45.13                        | 25.00           | 14.48                                           | 0.00            | 0.00                                           | 0.00 | 0.00 | 0.00 |

\* Based on No Peer data for Current year.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

**Table 6. Geographic Distribution of Small Loans to Businesses Year 2000**

| Geographic Distribution: SMALL LOANS TO BUSINESSES<br>DECEMBER 31, 2000 |                            |              | Geography: CBMA - 2000 AA |              |                             |              |                           |              | Evaluation Period: JANUARY 1, 2000 TO |              |                                        |       |       |       |
|-------------------------------------------------------------------------|----------------------------|--------------|---------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|---------------------------------------|--------------|----------------------------------------|-------|-------|-------|
| MA/Assessment Area:                                                     | Total Small Business Loans |              | Low-Income Geographies    |              | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies              |              | Aggregate Lending (%) by Tract Income* |       |       |       |
|                                                                         | #                          | % of Total** | % of Businesses***        | % BANK Loans | % of Businesses*            | % BANK Loans | % of Businesses***        | % BANK Loans | % of Businesses**                     | % BANK Loans | Low                                    | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                                                     |                            |              |                           |              |                             |              |                           |              |                                       |              |                                        |       |       |       |
| CBM - Assessment Area - 2000                                            | 890                        | 100.00       | 5.71                      | 8.09         | 15.09                       | 18.31        | 49.75                     | 47.42        | 29.44                                 | 26.18        | 4.67                                   | 14.23 | 52.44 | 28.66 |
| <b>Limited Review:</b>                                                  |                            |              |                           |              |                             |              |                           |              |                                       |              |                                        |       |       |       |
| CBM - MSA 0740                                                          | 40                         | 4.49         | 0.00                      | 0.00         | 13.90                       | 32.50        | 67.31                     | 52.50        | 18.79                                 | 15.00        | 0.00                                   | 11.65 | 67.49 | 20.86 |
| CBM - Non MSA Area - 2000                                               | 13                         | 1.46         | 0.00                      | 0.00         | 18.02                       | 23.08        | 65.50                     | 53.85        | 16.48                                 | 23.08        | 0.00                                   | 23.70 | 63.27 | 13.03 |
| CBM CMSA 1120 - 2000                                                    | 827                        | 92.92        | 6.17                      | 8.71         | 14.59                       | 17.78        | 48.65                     | 46.43        | 30.58                                 | 27.09        | 5.07                                   | 13.89 | 51.85 | 29.20 |
| CBM PMSA 6480 - 2000                                                    | 10                         | 1.12         | 4.31                      | 0.00         | 27.85                       | 0.00         | 46.88                     | 100.00       | 20.96                                 | 0.00         | 2.80                                   | 21.17 | 44.77 | 31.26 |

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2002).

**Table 6a. Geographic Distribution of Small Loans to Businesses Year 2001**

| Geographic Distribution: SMALL LOANS TO BUSINESSES<br>DECEMBER 31, 2001 |                            |              |                        | Geography: CITIZENS AA 2000 |                             |              |                           | Evaluation Period: JANUARY 1, 2001 TO |                          |              |                                           |       |       |       |
|-------------------------------------------------------------------------|----------------------------|--------------|------------------------|-----------------------------|-----------------------------|--------------|---------------------------|---------------------------------------|--------------------------|--------------|-------------------------------------------|-------|-------|-------|
| MA/Assessment Area:                                                     | Total Small Business Loans |              | Low-Income Geographies |                             | Moderate-Income Geographies |              | Middle-Income Geographies |                                       | Upper-Income Geographies |              | Aggregate Lending (%) by Tract Income**** |       |       |       |
|                                                                         | #                          | % of Total** | % of Businesses***     | % BANK Loans                | % of Businesses*            | % BANK Loans | % of Businesses***        | % BANK Loans                          | % of Businesses**        | % BANK Loans | Low                                       | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                                                     |                            |              |                        |                             |                             |              |                           |                                       |                          |              |                                           |       |       |       |
| CBM - Assessment Area - 2000                                            | 2,939                      | 100.00       | 5.71                   | 8.06                        | 15.09                       | 13.92        | 49.75                     | 48.28                                 | 29.44                    | 29.74        | 5.26                                      | 14.53 | 51.91 | 28.37 |
| <b>Limited Review:</b>                                                  |                            |              |                        |                             |                             |              |                           |                                       |                          |              |                                           |       |       |       |
| CBM - MSA 0740                                                          | 102                        | 3.47         | 0.00                   | 0.00                        | 13.90                       | 19.61        | 67.31                     | 57.84                                 | 18.79                    | 22.55        | 0.00                                      | 12.82 | 68.08 | 19.10 |
| CBM - Non MSA Area - 2000                                               | 37                         | 1.26         | 0.00                   | 0.00                        | 18.02                       | 21.62        | 65.50                     | 64.86                                 | 16.48                    | 13.51        | 0.00                                      | 22.53 | 61.69 | 15.79 |
| CBM CMSA 1120 - 2000                                                    | 2,769                      | 94.22        | 6.17                   | 8.56                        | 14.59                       | 13.58        | 48.65                     | 47.53                                 | 30.58                    | 30.34        | 5.70                                      | 14.06 | 51.32 | 28.92 |
| CBM PMSA 6480 - 2000                                                    | 31                         | 1.05         | 4.31                   | 0.00                        | 27.85                       | 16.13        | 46.88                     | 64.52                                 | 20.96                    | 19.35        | 3.57                                      | 23.04 | 43.37 | 30.07 |

\*\*\*\* Based on 2001 Peer Small Business Data: US&PR.

**Table 6b. Geographic Distribution of Small Loans to Businesses Year to Date 2002**

| Geographic Distribution: SMALL LOANS TO BUSINESSES<br>SEPTEMBER 30, 2002 |                            |              |                        | Geography: CITIZENS AA 2002 |                             |              |                           | Evaluation Period: JANUARY 1, 2002 TO |                          |              |                                        |      |      |      |
|--------------------------------------------------------------------------|----------------------------|--------------|------------------------|-----------------------------|-----------------------------|--------------|---------------------------|---------------------------------------|--------------------------|--------------|----------------------------------------|------|------|------|
| MA/Assessment Area:                                                      | Total Small Business Loans |              | Low-Income Geographies |                             | Moderate-Income Geographies |              | Middle-Income Geographies |                                       | Upper-Income Geographies |              | Aggregate Lending (%) by Tract Income* |      |      |      |
|                                                                          | #                          | % of Total** | % of Businesses***     | % BANK Loans                | % of Businesses*            | % BANK Loans | % of Businesses***        | % BANK Loans                          | % of Businesses**        | % BANK Loans | Low                                    | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                                                      |                            |              |                        |                             |                             |              |                           |                                       |                          |              |                                        |      |      |      |
| CBM - Massachusetts - 2002                                               | 3,037                      | 100.00       | 6.10                   | 7.28                        | 14.73                       | 15.08        | 52.00                     | 47.94                                 | 27.10                    | 29.70        | 0.00                                   | 0.00 | 0.00 | 0.00 |
| <b>Limited Review:</b>                                                   |                            |              |                        |                             |                             |              |                           |                                       |                          |              |                                        |      |      |      |
| CBM - CMSA 1120 - 2002                                                   | 2,811                      | 92.56        | 6.38                   | 7.72                        | 14.57                       | 14.94        | 49.51                     | 46.74                                 | 29.52                    | 30.59        | 0.00                                   | 0.00 | 0.00 | 0.00 |
| CBM - MSA 0740                                                           | 111                        | 3.65         | 0.00                   | 0.00                        | 13.90                       | 18.92        | 67.31                     | 66.67                                 | 18.79                    | 14.41        | 0.00                                   | 0.00 | 0.00 | 0.00 |
| CBM - MSA 6320 - 2002                                                    | 9                          | 0.30         | 15.63                  | 22.22                       | 13.55                       | 0.00         | 64.07                     | 66.67                                 | 6.74                     | 11.11        | 0.00                                   | 0.00 | 0.00 | 0.00 |
| CBM - MSA 8000 - 2002                                                    | 7                          | 0.23         | 7.63                   | 0.00                        | 14.38                       | 0.00         | 58.64                     | 71.43                                 | 18.70                    | 28.57        | 0.00                                   | 0.00 | 0.00 | 0.00 |
| CBM - Non-MSA Area - 2002                                                | 29                         | 0.95         | 1.74                   | 0.00                        | 11.98                       | 6.90         | 73.06                     | 82.76                                 | 13.23                    | 10.34        | 0.00                                   | 0.00 | 0.00 | 0.00 |
| CBM - PMSA 6480 - 2002                                                   | 70                         | 2.30         | 3.93                   | 2.86                        | 25.39                       | 21.43        | 42.74                     | 47.14                                 | 27.93                    | 28.57        | 0.00                                   | 0.00 | 0.00 | 0.00 |

\* Based on No Peer data for Current Year.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2002).

**Table 8. Borrower Distribution of Home Purchase Loans Year 2000**

| Borrower Distribution: HOME PURCHASE<br>2000 |                           |              | Geography: CBMA - 2000 AA |                  |                           |                  |                         |                  | Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31 |                  |                         |       |       |       |
|----------------------------------------------|---------------------------|--------------|---------------------------|------------------|---------------------------|------------------|-------------------------|------------------|---------------------------------------------------|------------------|-------------------------|-------|-------|-------|
| MA/Assessment Area:                          | Total Home Purchase Loans |              | Low-Income Borrowers      |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers |                  | Upper-Income Borrowers                            |                  | Aggregate Lending Data* |       |       |       |
|                                              | #                         | % of Total** | % Families***             | % BANK Loans**** | % Families**              | % BANK Loans**** | % Families*             | % BANK Loans**** | % Families*                                       | % BANK Loans**** | Low                     | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                          |                           |              |                           |                  |                           |                  |                         |                  |                                                   |                  |                         |       |       |       |
| CBM - Assessment Area - 2000                 | 1,221                     | 100.00       | 19.58                     | 9.77             | 17.91                     | 33.14            | 24.30                   | 24.79            | 38.21                                             | 32.30            | 4.87                    | 17.11 | 26.76 | 51.29 |
| <b>Limited Review:</b>                       |                           |              |                           |                  |                           |                  |                         |                  |                                                   |                  |                         |       |       |       |
| CBM - MSA 0740                               | 135                       | 11.06        | 17.46                     | 7.63             | 19.37                     | 24.43            | 24.19                   | 26.72            | 38.99                                             | 41.22            | 2.89                    | 12.11 | 20.27 | 64.73 |
| CBM - Non MSA Area - 2000                    | 26                        | 2.13         | 18.70                     | 11.54            | 17.17                     | 19.23            | 24.37                   | 7.69             | 39.75                                             | 61.54            | 2.42                    | 9.01  | 17.49 | 71.08 |
| CBM CMSA 1120 - 2000                         | 1,021                     | 83.62        | 19.60                     | 10.18            | 17.84                     | 35.03            | 24.24                   | 25.05            | 38.33                                             | 29.74            | 5.11                    | 17.62 | 27.13 | 50.13 |
| CBM PMSA 6480 - 2000                         | 39                        | 2.19         | 20.88                     | 5.13             | 18.37                     | 23.08            | 25.58                   | 23.08            | 35.17                                             | 48.72            | 3.20                    | 16.00 | 31.96 | 48.84 |

\* Based on 2000 Peer Mortgage Data: US & PR.

\*\* As a percentage of loans with borrower income information available. No information was available for 1.88% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 8a. Borrower Distribution of Home Purchase Loans Year 2001**

| Borrower Distribution: HOME PURCHASE<br>31, 2001 |                           |              | Geography: CITIZENS AA 2000 |                  |                           |                  |                         |                  | Evaluation Period: JANUARY 1, 2001 TO DECEMBER |                  |                             |       |       |       |
|--------------------------------------------------|---------------------------|--------------|-----------------------------|------------------|---------------------------|------------------|-------------------------|------------------|------------------------------------------------|------------------|-----------------------------|-------|-------|-------|
| MA/Assessment Area:                              | Total Home Purchase Loans |              | Low-Income Borrowers        |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers |                  | Upper-Income Borrowers                         |                  | Aggregate Lending Data***** |       |       |       |
|                                                  | #                         | % of Total** | % Families**                | % BANK Loans**** | % Families**              | % BANK Loans**** | % Families**            | % BANK Loans**** | % Families**                                   | % BANK Loans**** | Low                         | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                              |                           |              |                             |                  |                           |                  |                         |                  |                                                |                  |                             |       |       |       |
| CBM - Assessment Area - 2000                     | 1,734                     | 100.00       | 19.58                       | 10.57            | 17.91                     | 30.61            | 24.30                   | 25.26            | 38.21                                          | 33.55            | 4.16                        | 17.34 | 27.42 | 51.09 |
| <b>Limited Review:</b>                           |                           |              |                             |                  |                           |                  |                         |                  |                                                |                  |                             |       |       |       |
| CBM - MSA 0740                                   | 158                       | 9.11         | 17.46                       | 4.64             | 19.37                     | 27.15            | 24.19                   | 22.52            | 38.99                                          | 45.70            | 2.49                        | 12.31 | 21.34 | 63.87 |
| CBM - Non MSA Area - 2000                        | 54                        | 3.11         | 18.70                       | 15.38            | 17.17                     | 23.08            | 24.37                   | 17.31            | 39.75                                          | 44.23            | 2.99                        | 9.04  | 19.53 | 68.45 |
| CBM CMSA 1120 - 2000                             | 1,456                     | 83.97        | 19.60                       | 11.37            | 17.84                     | 31.75            | 24.24                   | 25.67            | 38.33                                          | 31.20            | 4.35                        | 17.78 | 27.75 | 50.12 |
| CBM PMSA 6480 - 2000                             | 66                        | 3.81         | 20.88                       | 4.76             | 18.37                     | 22.22            | 25.58                   | 30.16            | 35.17                                          | 42.86            | 2.44                        | 17.22 | 31.11 | 49.22 |

\*\*\*\*\* Based on 2001 Peer Mortgage Data: US and PR

**Table 8b. Borrower Distribution of Home Purchase Loans Year to Date 2002**

| Borrower Distribution: HOME PURCHASE<br>30, 2002 |                           |                  | Geography: CITIZENS AA 2002 |                  |                           |                  |                         |                  | Evaluation Period: JANUARY 1, 2002 TO SEPTEMBER |                  |                         |      |      |      |
|--------------------------------------------------|---------------------------|------------------|-----------------------------|------------------|---------------------------|------------------|-------------------------|------------------|-------------------------------------------------|------------------|-------------------------|------|------|------|
| MA/Assessment Area:                              | Total Home Purchase Loans |                  | Low-Income Borrowers        |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers |                  | Upper-Income Borrowers                          |                  | Aggregate Lending Data* |      |      |      |
|                                                  | #                         | % of Total*<br>* | % Families*<br>**           | % BANK Loans**** | % Families**<br>*         | % BANK Loans**** | % Families*<br>**       | % BANK Loans**** | % Families*<br>**                               | % BANK Loans**** | Low                     | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                              |                           |                  |                             |                  |                           |                  |                         |                  |                                                 |                  |                         |      |      |      |
| CBM - Massachusetts - 2002                       | 1,722                     | 100.00           | 19.62                       | 7.37             | 17.74                     | 26.22            | 24.50                   | 27.74            | 38.14                                           | 38.68            | 0.00                    | 0.00 | 0.00 | 0.00 |
| <b>Limited Review:</b>                           |                           |                  |                             |                  |                           |                  |                         |                  |                                                 |                  |                         |      |      |      |
| CBM - CMSA 1120 - 2002                           | 1,444                     | 83.86            | 19.54                       | 7.57             | 17.78                     | 27.85            | 24.41                   | 28.50            | 38.27                                           | 36.07            | 0.00                    | 0.00 | 0.00 | 0.00 |
| CBM - MSA 0740                                   | 130                       | 7.55             | 17.46                       | 9.76             | 19.37                     | 26.02            | 24.19                   | 22.76            | 38.99                                           | 41.46            | 0.00                    | 0.00 | 0.00 | 0.00 |
| CBM - MSA 6320 - 2002                            | 7                         | 0.41             | 18.89                       | 0.00             | 19.43                     | 14.29            | 23.91                   | 28.57            | 37.77                                           | 57.14            | 0.00                    | 0.00 | 0.00 | 0.00 |
| CBM - MSA 8000 - 2002                            | 57                        | 3.31             | 20.90                       | 0.00             | 16.49                     | 10.26            | 24.36                   | 25.64            | 38.25                                           | 64.10            | 0.00                    | 0.00 | 0.00 | 0.00 |
| CBM - Non-MSA Area - 2002                        | 37                        | 2.15             | 18.99                       | 5.71             | 17.87                     | 8.57             | 26.32                   | 17.14            | 36.82                                           | 68.57            | 0.00                    | 0.00 | 0.00 | 0.00 |
| CBM - PMSA 6480 - 2002                           | 47                        | 2.73             | 20.29                       | 4.76             | 18.09                     | 16.67            | 25.33                   | 33.33            | 36.29                                           | 45.24            | 0.00                    | 0.00 | 0.00 | 0.00 |

\* Based on No Peer data for Current year.

\*\* As a percentage of loans with borrower income information available. No information was available for 23.58% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 9. Borrower Distribution of Home Improvement Loans Year 2000**

| Borrower Distribution: HOME IMPROVEMENT<br>31, 2000 |                              |              | Geography: CBMA - 2000 AA |                  |                           |                  |                         |                  | Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2000 |                  |                         |       |       |       |
|-----------------------------------------------------|------------------------------|--------------|---------------------------|------------------|---------------------------|------------------|-------------------------|------------------|---------------------------------------------------------|------------------|-------------------------|-------|-------|-------|
| MA/Assessment Area:                                 | Total Home Improvement Loans |              | Low-Income Borrowers      |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers |                  | Upper-Income Borrowers                                  |                  | Aggregate Lending Data* |       |       |       |
|                                                     | #                            | % of Total** | % Families***             | % BANK Loans**** | % Families**              | % BANK Loans**** | % Families**            | % BANK Loans**** | % Families**                                            | % BANK Loans**** | Low                     | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                                 |                              |              |                           |                  |                           |                  |                         |                  |                                                         |                  |                         |       |       |       |
| CBM - Assessment Area - 2000                        | 1,555                        | 100.00       | 19.58                     | 4.97             | 17.91                     | 12.84            | 24.30                   | 26.00            | 38.21                                                   | 56.19            | 6.09                    | 17.56 | 29.88 | 46.48 |
| <b>Limited Review:</b>                              |                              |              |                           |                  |                           |                  |                         |                  |                                                         |                  |                         |       |       |       |
| CBM - MSA 0740                                      | 107                          | 6.88         | 17.46                     | 1.87             | 19.37                     | 12.15            | 24.19                   | 27.10            | 38.99                                                   | 58.88            | 2.35                    | 12.77 | 23.87 | 61.07 |
| CBM - Non MSA Area - 2000                           | 32                           | 2.06         | 18.70                     | 6.25             | 17.17                     | 18.75            | 24.37                   | 25.00            | 39.75                                                   | 50.00            | 4.47                    | 13.41 | 30.17 | 51.96 |
| CBM CMSA 1120 - 2000                                | 1,376                        | 88.49        | 19.60                     | 5.32             | 17.84                     | 13.13            | 24.24                   | 25.89            | 38.33                                                   | 55.65            | 6.35                    | 18.10 | 30.24 | 45.30 |
| CBM PMSA 6480 - 2000                                | 40                           | 2.57         | 20.88                     | 0.00             | 18.37                     | 0.00             | 25.58                   | 27.50            | 35.17                                                   | 72.50            | 5.32                    | 13.95 | 28.72 | 52.00 |

\* Based on 2000 Peer Mortgage Data: US & PR.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.32% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 9a. Borrower Distribution of Home Improvement Loans Year 2001**

| Borrower Distribution: HOME IMPROVEMENT<br>DECEMBER 31, 2001 |                              |            | Geography: CITIZENS AA 2000 |                  |                           |                  |                         |                  | Evaluation Period: JANUARY 1, 2001 TO |                  |                             |       |       |       |
|--------------------------------------------------------------|------------------------------|------------|-----------------------------|------------------|---------------------------|------------------|-------------------------|------------------|---------------------------------------|------------------|-----------------------------|-------|-------|-------|
| MA/Assessment Area:                                          | Total Home Improvement Loans |            | Low-Income Borrowers        |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers |                  | Upper-Income Borrowers                |                  | Aggregate Lending Data***** |       |       |       |
|                                                              | #                            | % of Total | % Families***               | % BANK Loans**** | % Families**              | % BANK Loans**** | % Families**            | % BANK Loans**** | % Families**                          | % BANK Loans**** | Low                         | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                                          |                              |            |                             |                  |                           |                  |                         |                  |                                       |                  |                             |       |       |       |
| CBM - Assessment Area - 2000                                 | 2,006                        | 100.00     | 19.58                       | 5.30             | 17.91                     | 13.10            | 24.30                   | 24.40            | 38.21                                 | 57.20            | 6.46                        | 16.83 | 28.02 | 48.70 |
| <b>Limited Review:</b>                                       |                              |            |                             |                  |                           |                  |                         |                  |                                       |                  |                             |       |       |       |
| CBM - MSA 0740                                               | 96                           | 4.79       | 17.46                       | 2.08             | 19.37                     | 13.54            | 24.19                   | 27.08            | 38.99                                 | 57.29            | 3.85                        | 12.11 | 24.59 | 59.45 |
| CBM - Non MSA Area - 2000                                    | 36                           | 1.79       | 18.70                       | 5.56             | 17.17                     | 13.89            | 24.37                   | 27.78            | 39.75                                 | 52.78            | 6.32                        | 11.49 | 27.01 | 55.17 |
| CBM CMSA 1120 - 2000                                         | 1,811                        | 90.28      | 19.60                       | 5.54             | 17.84                     | 13.35            | 24.24                   | 24.65            | 38.33                                 | 56.45            | 6.69                        | 17.10 | 28.24 | 47.98 |
| CBM PMSA 6480 - 2000                                         | 63                           | 3.14       | 20.88                       | 3.17             | 18.37                     | 4.76             | 25.58                   | 11.11            | 35.17                                 | 80.95            | 4.86                        | 17.19 | 27.27 | 50.68 |

\*\*\*\*\* Based on 2001 Peer Mortgage Data: US and PR.

**Table 9b. Borrower Distribution of Home Improvement Loans Year to Date 2002**

| Borrower Distribution: HOME IMPROVEMENT<br>SEPTEMBER 30, 2002 |                              |              |                      | Geography: CITIZENS AA 2002 |                           |                  |                         | Evaluation Period: JANUARY 1, 2002 TO |                        |                  |                         |      |      |      |
|---------------------------------------------------------------|------------------------------|--------------|----------------------|-----------------------------|---------------------------|------------------|-------------------------|---------------------------------------|------------------------|------------------|-------------------------|------|------|------|
| MA/Assessment Area:                                           | Total Home Improvement Loans |              | Low-Income Borrowers |                             | Moderate-Income Borrowers |                  | Middle-Income Borrowers |                                       | Upper-Income Borrowers |                  | Aggregate Lending Data* |      |      |      |
|                                                               | #                            | % of Total** | % Families*<br>**    | % BANK Loans****            | % Families*<br>**         | % BANK Loans**** | % Families*<br>**       | % BANK Loans****                      | % Families*<br>**      | % BANK Loans**** | Low                     | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                                           |                              |              |                      |                             |                           |                  |                         |                                       |                        |                  |                         |      |      |      |
| CBM - Massachusetts - 2002                                    | 828                          | 100.00       | 19.62                | 5.07                        | 17.74                     | 12.48            | 24.50                   | 28.43                                 | 38.14                  | 54.02            | 0.00                    | 0.00 | 0.00 | 0.00 |
| <b>Limited Review:</b>                                        |                              |              |                      |                             |                           |                  |                         |                                       |                        |                  |                         |      |      |      |
| CBM - CMSA 1120 - 2002                                        | 716                          | 86.47        | 19.54                | 5.55                        | 17.78                     | 13.37            | 24.41                   | 29.02                                 | 38.27                  | 52.06            | 0.00                    | 0.00 | 0.00 | 0.00 |
| CBM - MSA 0740                                                | 51                           | 6.16         | 17.46                | 4.35                        | 19.37                     | 6.52             | 24.19                   | 30.43                                 | 38.99                  | 58.70            | 0.00                    | 0.00 | 0.00 | 0.00 |
| CBM - MSA 6320 - 2002                                         | 2                            | 0.24         | 18.89                | 0.00                        | 19.43                     | 50.00            | 23.91                   | 0.00                                  | 37.77                  | 50.00            | 0.00                    | 0.00 | 0.00 | 0.00 |
| CBM - MSA 8000 - 2002                                         | 13                           | 1.57         | 20.90                | 0.00                        | 16.49                     | 0.00             | 24.36                   | 33.33                                 | 38.25                  | 66.67            | 0.00                    | 0.00 | 0.00 | 0.00 |
| CBM - Non-MSA Area - 2002                                     | 11                           | 1.33         | 18.99                | 0.00                        | 17.87                     | 9.09             | 26.32                   | 27.27                                 | 36.82                  | 63.64            | 0.00                    | 0.00 | 0.00 | 0.00 |
| CBM - PMSA 6480 - 2002                                        | 35                           | 4.23         | 20.29                | 0.00                        | 18.09                     | 5.71             | 25.33                   | 14.29                                 | 36.29                  | 80.00            | 0.00                    | 0.00 | 0.00 | 0.00 |

\* Based on No Peer Data for Current year.

\*\* As a percentage of loans with borrower income information available. No information was available for 2.29% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans Year 2000**

| Borrower Distribution: HOME MORTGAGE REFINANCE<br>DECEMBER 31, 2000 |                                     |              |                      | Geography: CBMA - 2000 AA |                           |                  |                         | Evaluation Period: JANUARY 1, 2000 TO |                        |                  |                         |       |       |       |  |
|---------------------------------------------------------------------|-------------------------------------|--------------|----------------------|---------------------------|---------------------------|------------------|-------------------------|---------------------------------------|------------------------|------------------|-------------------------|-------|-------|-------|--|
| MA/Assessment Area:                                                 | Total Home Mortgage Refinance Loans |              | Low-Income Borrowers |                           | Moderate-Income Borrowers |                  | Middle-Income Borrowers |                                       | Upper-Income Borrowers |                  | Aggregate Lending Data* |       |       |       |  |
|                                                                     | #                                   | % of Total** | % Families*<br>**    | % BANK Loans****          | % Families*<br>**         | % BANK Loans**** | % Families*<br>**       | % BANK Loans****                      | % Families*<br>**      | % BANK Loans**** | Low                     | Mod   | Mid   | Upp   |  |
| Full Review:                                                        |                                     |              |                      |                           |                           |                  |                         |                                       |                        |                  |                         |       |       |       |  |
| CBM - Assessment Area - 2000                                        | 1,045                               | 100.00       | 19.58                | 6.78                      | 17.91                     | 16.36            | 24.30                   | 25.85                                 | 38.21                  | 51.02            | 6.60                    | 20.59 | 30.24 | 42.57 |  |
| Limited Review:                                                     |                                     |              |                      |                           |                           |                  |                         |                                       |                        |                  |                         |       |       |       |  |
| CBM - MSA 0740                                                      | 87                                  | 8.33         | 17.46                | 6.90                      | 19.37                     | 14.94            | 24.19                   | 20.69                                 | 38.99                  | 57.47            | 4.06                    | 14.27 | 24.16 | 57.52 |  |
| CBM - Non MSA Area - 2000                                           | 25                                  | 2.39         | 18.70                | 4.00                      | 17.17                     | 8.00             | 24.37                   | 24.00                                 | 39.75                  | 64.00            | 3.93                    | 11.58 | 22.95 | 61.52 |  |
| CBM CMSA 1120 - 2000                                                | 907                                 | 86.79        | 19.60                | 6.82                      | 17.84                     | 16.87            | 24.24                   | 26.37                                 | 38.33                  | 49.94            | 6.87                    | 21.37 | 30.76 | 41.00 |  |
| CBM PMSA 6480 - 2000                                                | 26                                  | 2.49         | 20.88                | 7.69                      | 18.37                     | 11.54            | 25.58                   | 26.92                                 | 35.17                  | 53.85            | 5.46                    | 16.32 | 31.04 | 47.19 |  |

\* Based on 2000 Peer Mortgage Data: US & PR.

\*\* As a percentage of loans with borrower income information available. No information was available for 1.15% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table 10a. Borrower Distribution of Home Mortgage Refinance Loans Year 2001**

| Borrower Distribution: HOME MORTGAGE REFINANCE<br>DECEMBER 31, 2001 |                                     |                  |                      | Geography: CITIZENS AA 2000 |                           |                  |                         | Evaluation Period: JANUARY 1, 2001 TO |                        |                  |                             |       |       |       |
|---------------------------------------------------------------------|-------------------------------------|------------------|----------------------|-----------------------------|---------------------------|------------------|-------------------------|---------------------------------------|------------------------|------------------|-----------------------------|-------|-------|-------|
| MA/Assessment Area:                                                 | Total Home Mortgage Refinance Loans |                  | Low-Income Borrowers |                             | Moderate-Income Borrowers |                  | Middle-Income Borrowers |                                       | Upper-Income Borrowers |                  | Aggregate Lending Data***** |       |       |       |
|                                                                     | #                                   | % of Total*<br>* | % Families*<br>**    | % BANK Loans****            | % Families*<br>**         | % BANK Loans**** | % Families*<br>**       | % BANK Loans****                      | % Families*<br>**      | % BANK Loans**** | Low                         | Mod   | Mid   | Upp   |
| Full Review:                                                        |                                     |                  |                      |                             |                           |                  |                         |                                       |                        |                  |                             |       |       |       |
| CBM - Assessment Area - 2000                                        | 4,252                               | 100.00           | 19.58                | 5.79                        | 17.91                     | 18.84            | 24.30                   | 27.17                                 | 38.21                  | 48.20            | 4.13                        | 17.18 | 28.71 | 49.98 |
| Limited Review:                                                     |                                     |                  |                      |                             |                           |                  |                         |                                       |                        |                  |                             |       |       |       |
| CBM - MSA 0740                                                      | 442                                 | 10.40            | 17.46                | 5.72                        | 19.37                     | 20.59            | 24.19                   | 26.77                                 | 38.99                  | 46.91            | 3.51                        | 13.83 | 24.67 | 57.99 |
| CBM - Non MSA Area - 2000                                           | 112                                 | 2.63             | 18.70                | 3.67                        | 17.17                     | 14.68            | 24.37                   | 27.52                                 | 39.75                  | 54.13            | 3.14                        | 11.31 | 23.67 | 61.88 |
| CBM CMSA 1120 - 2000                                                | 3,564                               | 83.82            | 19.60                | 5.96                        | 17.84                     | 18.94            | 24.24                   | 27.46                                 | 38.33                  | 47.64            | 4.20                        | 17.60 | 29.04 | 49.17 |
| CBM PMSA 6480 - 2000                                                | 134                                 | 3.15             | 20.88                | 3.05                        | 18.37                     | 13.74            | 25.58                   | 20.61                                 | 35.17                  | 62.60            | 3.52                        | 13.74 | 28.52 | 54.22 |

\*\*\*\*\* Based on 2001 Peer Mortgage Data: US and PR.

**Table 10b. Borrower Distribution of Home Mortgage Refinance Loans Year to Date 2002**

| Borrower Distribution: HOME MORTGAGE REFINANCE<br>SEPTEMBER 30, 2002 |                                     |              |                      | Geography: CITIZENS AA 2002 |                           |                  |                         | Evaluation Period: JANUARY 1, 2002 TO |                        |                  |                         |      |      |      |
|----------------------------------------------------------------------|-------------------------------------|--------------|----------------------|-----------------------------|---------------------------|------------------|-------------------------|---------------------------------------|------------------------|------------------|-------------------------|------|------|------|
| MA/Assessment Area:                                                  | Total Home Mortgage Refinance Loans |              | Low-Income Borrowers |                             | Moderate-Income Borrowers |                  | Middle-Income Borrowers |                                       | Upper-Income Borrowers |                  | Aggregate Lending Data* |      |      |      |
|                                                                      | #                                   | % of Total** | % Families*<br>**    | % BANK Loans****            | % Families*<br>**         | % BANK Loans**** | % Families*<br>**       | % BANK Loans****                      | % Families*<br>**      | % BANK Loans**** | Low                     | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                                                  |                                     |              |                      |                             |                           |                  |                         |                                       |                        |                  |                         |      |      |      |
| CBM - Massachusetts - 2002                                           | 6,246                               | 100.00       | 19.62                | 3.46                        | 17.74                     | 10.80            | 24.50                   | 24.66                                 | 38.14                  | 61.08            | 0.00                    | 0.00 | 0.00 | 0.00 |
| <b>Limited Review:</b>                                               |                                     |              |                      |                             |                           |                  |                         |                                       |                        |                  |                         |      |      |      |
| CBM - CMSA 1120 - 2002                                               | 5,446                               | 87.19        | 19.54                | 3.42                        | 17.78                     | 10.79            | 24.41                   | 25.25                                 | 38.27                  | 60.54            | 0.00                    | 0.00 | 0.00 | 0.00 |
| CBM - MSA 0740                                                       | 360                                 | 5.76         | 17.46                | 5.78                        | 19.37                     | 13.01            | 24.19                   | 20.23                                 | 38.99                  | 60.98            | 0.00                    | 0.00 | 0.00 | 0.00 |
| CBM - MSA 6320 - 2002                                                | 36                                  | 0.58         | 18.89                | 0.00                        | 19.43                     | 11.11            | 23.91                   | 19.44                                 | 37.77                  | 69.44            | 0.00                    | 0.00 | 0.00 | 0.00 |
| CBM - MSA 8000 - 2002                                                | 58                                  | 0.93         | 20.90                | 1.72                        | 16.49                     | 12.07            | 24.36                   | 22.41                                 | 38.25                  | 63.79            | 0.00                    | 0.00 | 0.00 | 0.00 |
| CBM - Non-MSA Area - 2002                                            | 129                                 | 2.07         | 18.99                | 3.13                        | 17.87                     | 11.72            | 26.32                   | 17.19                                 | 36.82                  | 67.97            | 0.00                    | 0.00 | 0.00 | 0.00 |
| CBM - PMSA 6480 - 2002                                               | 217                                 | 3.47         | 20.29                | 1.93                        | 18.09                     | 6.28             | 25.33                   | 23.19                                 | 36.29                  | 68.60            | 0.00                    | 0.00 | 0.00 | 0.00 |

\* Based on No Peer Data for Current year.

\*\* As a percentage of loans with borrower income information available. No information was available for 2.87% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table11. Borrower Distribution of Small Loans to Businesses Year 2000**

| Borrower Distribution: SMALL LOANS TO BUSINESSES<br>DECEMBER 31, 2000 |                                 |              |                                                 |                  | Geography: CBMA - 2000 AA                            |                         |                           | Evaluation Period: JANUARY 1, 2000 TO |                         |
|-----------------------------------------------------------------------|---------------------------------|--------------|-------------------------------------------------|------------------|------------------------------------------------------|-------------------------|---------------------------|---------------------------------------|-------------------------|
| MA/Assessment Area:                                                   | Total Small Loans to Businesses |              | Businesses With Revenues of \$1 million or less |                  | Loans by Original Amount Regardless of Business Size |                         |                           | Aggregate Lending Data*               |                         |
|                                                                       | #                               | % of Total** | % of Businesses ***                             | % BANK Loans**** | \$100,000 or less                                    | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All                                   | Rev\$ 1 Million or Less |
| <b>Full Review:</b>                                                   |                                 |              |                                                 |                  |                                                      |                         |                           |                                       |                         |
| CBM - Assessment Area - 2000                                          | 890                             | 100.00       | 72.54                                           | 54.16            | 59.44                                                | 21.80                   | 18.76                     | 92,564                                | 36,30%                  |
| <b>Limited Review:</b>                                                |                                 |              |                                                 |                  |                                                      |                         |                           |                                       |                         |
| CBM - MSA 0740                                                        | 40                              | 4.49         | 77.39                                           | 67.50            | 65.00                                                | 25.00                   | 10.00                     | 4,322                                 | 2,28%                   |
| CBM - Non MSA Area - 2000                                             | 13                              | 1.46         | 76.99                                           | 69.23            | 46.15                                                | 30.77                   | 23.08                     | 1,633                                 | 78%                     |
| CBM CMSA 1120 - 2000                                                  | 827                             | 92.92        | 72.04                                           | 53.45            | 59.37                                                | 21.52                   | 19.11                     | 82,933                                | 31,80%                  |
| CBM PMSA 6480 - 2000                                                  | 10                              | 1.12         | 76.61                                           | 40.00            | 60.00                                                | 20.00                   | 20.00                     | 3,676                                 | 1,42%                   |

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 10.11% of small loans to businesses originated and purchased by the bank.

**Table11a. Borrower Distribution of Small Loans to Businesses Year 2001**

| Borrower Distribution: SMALL LOANS TO BUSINESSES<br>DECEMBER 31, 2001 |                                 |              |                                                 |                  | Geography: CITIZENS AA 2000                          |                         |                           | Evaluation Period: JANUARY 1, 2001 TO |                         |
|-----------------------------------------------------------------------|---------------------------------|--------------|-------------------------------------------------|------------------|------------------------------------------------------|-------------------------|---------------------------|---------------------------------------|-------------------------|
| MA/Assessment Area:                                                   | Total Small Loans to Businesses |              | Businesses With Revenues of \$1 million or less |                  | Loans by Original Amount Regardless of Business Size |                         |                           | Aggregate Lending Data*****           |                         |
|                                                                       | #                               | % of Total** | % of Businesses ***                             | % BANK Loans**** | \$100,000 or less                                    | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All                                   | Rev\$ 1 Million or Less |
| <b>Full Review:</b>                                                   |                                 |              |                                                 |                  |                                                      |                         |                           |                                       |                         |
| CBM - Assessment Area - 2000                                          | 2,939                           | 100.00       | 72.54                                           | 45.08            | 68.15                                                | 15.28                   | 16.57                     | 106,002                               | 40,220                  |
| <b>Limited Review:</b>                                                |                                 |              |                                                 |                  |                                                      |                         |                           |                                       |                         |
| CBM - MSA 0740                                                        | 102                             | 3.47         | 77.39                                           | 56.86            | 67.65                                                | 15.69                   | 16.67                     | 5,085                                 | 2,460                   |
| CBM - Non MSA Area - 2000                                             | 37                              | 1.26         | 76.99                                           | 59.46            | 48.65                                                | 24.32                   | 27.03                     | 1,899                                 | 920                     |
| CBM CMSA 1120 - 2000                                                  | 2,769                           | 94.22        | 72.04                                           | 44.20            | 68.44                                                | 15.13                   | 16.43                     | 94,502                                | 35,180                  |
| CBM PMSA 6480 - 2000                                                  | 31                              | 1.05         | 76.61                                           | 67.74            | 67.74                                                | 16.13                   | 16.13                     | 4,516                                 | 1,640                   |

\*\*\*\*\* Based on 2001 Peer Small Business Data: US&PR.

**Table11b. Borrower Distribution of Small Loans to Businesses Year to Date 2002**

| Borrower Distribution: SMALL LOANS TO BUSINESSES<br>SEPTEMBER 30, 2002 |                                 |              |                                                 |                  | Geography: CITIZENS AA 2002                          |                         |                           | Evaluation Period: JANUARY 1, 2002 TO |                         |
|------------------------------------------------------------------------|---------------------------------|--------------|-------------------------------------------------|------------------|------------------------------------------------------|-------------------------|---------------------------|---------------------------------------|-------------------------|
| MA/Assessment Area:                                                    | Total Small Loans to Businesses |              | Businesses With Revenues of \$1 million or less |                  | Loans by Original Amount Regardless of Business Size |                         |                           | Aggregate Lending Data*               |                         |
|                                                                        | #                               | % of Total** | % of Businesses ***                             | % BANK Loans**** | \$100,000 or less                                    | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All                                   | Rev\$ 1 Million or Less |
| <b>Full Review:</b>                                                    |                                 |              |                                                 |                  |                                                      |                         |                           |                                       |                         |
| CBM - Massachusetts - 2002                                             | 3,037                           | 100.00       | 73.45                                           | 49.98            | 73.95                                                | 12.25                   | 13.80                     | 0                                     | (                       |
| <b>Limited Review:</b>                                                 |                                 |              |                                                 |                  |                                                      |                         |                           |                                       |                         |
| CBM - CMSA 1120 - 2002                                                 | 2,811                           | 92.56        | 72.60                                           | 49.56            | 74.03                                                | 11.95                   | 14.02                     | 0                                     | (                       |
| CBM - MSA 0740                                                         | 111                             | 3.65         | 77.39                                           | 52.25            | 68.47                                                | 18.02                   | 13.51                     | 0                                     | (                       |
| CBM - MSA 6320 - 2002                                                  | 9                               | 0.30         | 76.16                                           | 66.67            | 100.00                                               | 0.00                    | 0.00                      | 0                                     | (                       |
| CBM - MSA 8000 - 2002                                                  | 7                               | 0.23         | 75.76                                           | 57.14            | 85.71                                                | 14.29                   | 0.00                      | 0                                     | (                       |
| CBM - Non-MSA Area - 2002                                              | 29                              | 0.95         | 78.04                                           | 41.38            | 62.07                                                | 20.69                   | 17.24                     | 0                                     | (                       |
| CBM - PMSA 6480 - 2002                                                 | 70                              | 2.30         | 76.44                                           | 64.29            | 80.00                                                | 12.86                   | 7.14                      | 0                                     | (                       |

\* Based on No Peer Data for Current Year.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 26.28% of small loans to businesses originated and purchased by the bank.

**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS<br>2002 |                           | Geography: CITIZENS AA 2000 |                            |              |                   | Evaluation Period: OCTOBER 12, 1999 TO DECEMBER 1, 2002 |            |                        |              |
|-------------------------------|---------------------------|-----------------------------|----------------------------|--------------|-------------------|---------------------------------------------------------|------------|------------------------|--------------|
| MA/Assessment Area:           | Prior Period Investments* |                             | Current Period Investments |              | Total Investments |                                                         |            | Unfunded Commitments** |              |
|                               | #                         | \$(000's)                   | #                          | \$(000's)    | #                 | \$(000's)                                               | % of Total | #                      | \$(000's)    |
| <b>Full Review:</b>           |                           |                             |                            |              |                   |                                                         |            |                        |              |
| CBM - Assessment Area - 2000  | 3                         | \$4,442,655                 | 649                        | \$85,178,331 | 652               | \$89,620,986                                            | 100.00     | 33                     | \$19,191,804 |
| <b>Limited Review:</b>        |                           |                             |                            |              |                   |                                                         |            |                        |              |
| CBM - CMSA 1120               | 3                         | \$4,442,655                 | 627                        | \$83,357,331 | 630               | \$87,799,986                                            | 97.97      | 33                     | \$19,191,804 |
| CBM - MSA 0740                | 3                         | \$4,442,655                 | 107                        | \$78,927,398 | 110               | \$83,370,053                                            | 93.03      | 8                      | \$17,223,736 |
| CBM - MSA 6320                | 3                         | \$4,442,655                 | 94                         | \$77,171,898 | 97                | \$81,614,553                                            | 91.07      | 8                      | \$17,223,736 |
| CBM - MSA 8000                | 3                         | \$4,442,655                 | 98                         | \$77,192,398 | 101               | \$81,635,053                                            | 91.09      | 8                      | \$17,223,736 |
| CBM - Non-MSA Area            | 3                         | \$4,442,655                 | 95                         | \$77,186,898 | 98                | \$81,629,553                                            | 91.08      | 8                      | \$17,223,736 |
| CBM PMSA 6480                 | 3                         | \$4,442,655                 | 93                         | \$77,164,398 | 96                | \$81,607,053                                            | 91.06      | 8                      | \$17,223,736 |

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS<br>October 12, 1999 TO SEPTEMBER 30, 2002 |                                |                    |                                |                                                   |       |       |       | Geography: CITIZENS AA 2002 |                      |                                             |     |     |     | Evaluation Period:                    |       |       |       |
|---------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------|--------------------------------|---------------------------------------------------|-------|-------|-------|-----------------------------|----------------------|---------------------------------------------|-----|-----|-----|---------------------------------------|-------|-------|-------|
| MA/Assessment Area:                                                                                           | Deposits                       | Branches           |                                |                                                   |       |       |       | Branch Openings/Closings    |                      |                                             |     |     |     | Population                            |       |       |       |
|                                                                                                               | % of Rated Area Deposits in AA | # of BANK Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) |       |       |       | # of Branch Openings        | # of Branch Closings | Net change in Location of Branches (+ or -) |     |     |     | % of Population within Each Geography |       |       |       |
|                                                                                                               |                                |                    |                                | Low                                               | Mod   | Mid   | Upp   |                             |                      | Low                                         | Mod | Mid | Upp | Low                                   | Mod   | Mid   | Upp   |
| Full Review:                                                                                                  |                                |                    |                                |                                                   |       |       |       |                             |                      |                                             |     |     |     |                                       |       |       |       |
| CBM – Massachusetts - 2002                                                                                    | 100.00                         | 232                | 100.0                          | 5.60                                              | 16.38 | 55.60 | 22.42 | 92                          | 49                   | -2                                          | +9  | +36 | 0   | 4.42                                  | 18.43 | 55.51 | 21.52 |
| Limited Review:                                                                                               |                                |                    |                                |                                                   |       |       |       |                             |                      |                                             |     |     |     |                                       |       |       |       |
| CBM – CMSA 1120 - 2002                                                                                        | 95.12                          | 200                | 86.21                          | 6.00                                              | 16.50 | 54.50 | 23.00 | 72                          | 49                   | -3                                          | +5  | +25 | -4  | 4.27                                  | 19.63 | 53.75 | 22.25 |
| CBM – MSA 0740                                                                                                | 3.51                           | 9                  | 3.88                           | 0.00                                              | 11.11 | 77.78 | 11.11 | 0                           | 0                    | 0                                           | 0   | 0   | 0   | 0.00                                  | 4.70  | 75.06 | 20.24 |
| CBM – MSA 6320 - 2002                                                                                         | 0.02                           | 2                  | 0.86                           | 50.00                                             | 0.00  | 50.00 | 0.00  | 2                           | 0                    | +1                                          | 0   | +1  | 0   | 4.10                                  | 18.52 | 65.89 | 11.49 |
| CBM – MSA 8000 - 2002                                                                                         | 0.09                           | 10                 | 4.31                           | 0.00                                              | 10.00 | 80.00 | 10.00 | 10                          | 0                    | 0                                           | +1  | +8  | +1  | 9.72                                  | 10.61 | 59.39 | 19.99 |
| CBM - Non-MSA Area - 2002                                                                                     | 0.69                           | 3                  | 1.29                           | 0.00                                              | 0.00  | 66.67 | 33.33 | 2                           | 0                    | 0                                           | 0   | +1  | +1  | 0.24                                  | 9.39  | 78.87 | 11.44 |
| CBM – PMSA 6480 - 2002                                                                                        | 0.57                           | 8                  | 3.45                           | 0.00                                              | 37.50 | 25.00 | 37.50 | 6                           | 0                    | 0                                           | +3  | +1  | +2  | 0.21                                  | 30.59 | 44.43 | 24.77 |

## APPENDIX F - DEMOGRAPHIC DATA

### CBM - Assessment Area (Eastern Massachusetts Area) - 2000 & 2001

| Demographic Information for Full Scope Area: CBM - Assessment Area - 2000                                   |           |                       |                                                            |                  |                  |               |
|-------------------------------------------------------------------------------------------------------------|-----------|-----------------------|------------------------------------------------------------|------------------|------------------|---------------|
| Demographic Characteristics                                                                                 | #         | Low<br>% of #         | Moderate<br>% of #                                         | Middle<br>% of # | Upper<br>% of #  | NA*<br>% of # |
| Geographies (Census Tracts/BNAs)                                                                            | 1,003     | 6.78                  | 23.23                                                      | 47.26            | 20.44            | 2.29          |
| Population by Geography                                                                                     | 4,541,974 | 3.97                  | 20.14                                                      | 53.29            | 22.54            | 0.07          |
| Owner-Occupied Housing by Geography                                                                         | 993,708   | 0.88                  | 11.93                                                      | 58.85            | 28.34            | 0.00          |
| Business by Geography                                                                                       | 286,578   | 5.71                  | 15.09                                                      | 49.75            | 29.44            | 0.01          |
| Farms by Geography                                                                                          | 5,114     | 0.96                  | 8.35                                                       | 57.94            | 32.75            | 0.00          |
| Family Distribution by Income Level                                                                         | 1,144,477 | 19.58                 | 17.91                                                      | 24.30            | 38.21            | 0.00          |
| Distribution of Low and Moderate Income Families throughout AA Geographies                                  | 429,003   | 6.80                  | 29.45                                                      | 51.66            | 12.10            | 0.00          |
| Median Family Income<br>HUD Adjusted Median Family Income for 2000 & 2001<br>Households Below Poverty Level |           | 46,718<br>NA<br>9.07% | Median Housing Value<br>Unemployment Rate (1990 US Census) |                  | 182,092<br>3.68% |               |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 US Census

**CBM - State - Massachusetts - 2002 Assessment Area**

| Demographic Information for Full Scope Area: CBM - Massachusetts - 2002                              |           |                           |                                                            |                  |                  |               |
|------------------------------------------------------------------------------------------------------|-----------|---------------------------|------------------------------------------------------------|------------------|------------------|---------------|
| Demographic Characteristics                                                                          | #         | Low<br>% of #             | Moderate<br>% of #                                         | Middle<br>% of # | Upper<br>% of #  | NA*<br>% of # |
| Geographies (Census Tracts/BNAs)                                                                     | 1,331     | 6.84                      | 21.04                                                      | 49.96            | 19.76            | 2.40          |
| Population by Geography                                                                              | 6,016,425 | 4.42                      | 18.43                                                      | 55.51            | 21.52            | 0.12          |
| Owner-Occupied Housing by Geography                                                                  | 1,331,533 | 0.90                      | 10.85                                                      | 61.27            | 26.98            | 0.00          |
| Business by Geography                                                                                | 367,576   | 6.10                      | 14.73                                                      | 52.00            | 27.10            | 0.07          |
| Farms by Geography                                                                                   | 7,270     | 0.91                      | 7.32                                                       | 61.09            | 30.67            | 0.01          |
| Family Distribution by Income Level                                                                  | 1,525,198 | 19.62                     | 17.74                                                      | 24.50            | 38.14            | 0.00          |
| Distribution of Low and Moderate Income Families throughout AA Geographies                           | 569,780   | 7.42                      | 26.84                                                      | 53.99            | 11.75            | 0.00          |
| Median Family Income<br>HUD Adjusted Median Family Income for 2002<br>Households Below Poverty Level |           | 44,975<br>66,395<br>9.38% | Median Housing Value<br>Unemployment Rate (1990 US Census) |                  | 169,285<br>3.62% |               |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 US Census and 2002 HUD updated MFI

**CBM - Barnstable MSA 0740 - Years 2000, 2001, & 2002**

| Demographic Information for Limited Scope Area: CBM - MSA 0740                                                                                                                                            |         |                                               |                                                               |                  |                  |               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-----------------------------------------------|---------------------------------------------------------------|------------------|------------------|---------------|
| Demographic Characteristics                                                                                                                                                                               | #       | Low<br>% of #                                 | Moderate<br>% of #                                            | Middle<br>% of # | Upper<br>% of #  | NA*<br>% of # |
| Geographies (Census Tracts/BNAs)                                                                                                                                                                          | 36      | 0.00                                          | 11.11                                                         | 69.44            | 19.44            | 0.00          |
| Population by Geography                                                                                                                                                                                   | 134,930 | 0.00                                          | 4.70                                                          | 75.06            | 20.24            | 0.00          |
| Owner-Occupied Housing by<br>Geography                                                                                                                                                                    | 41,963  | 0.00                                          | 3.50                                                          | 75.84            | 20.66            | 0.00          |
| Business by Geography                                                                                                                                                                                     | 13,098  | 0.00                                          | 13.90                                                         | 67.31            | 18.79            | 0.00          |
| Farms by Geography                                                                                                                                                                                        | 413     | 0.00                                          | 5.57                                                          | 71.19            | 23.24            | 0.00          |
| Family Distribution by Income Level                                                                                                                                                                       | 38,511  | 17.46                                         | 19.37                                                         | 24.19            | 38.99            | 0.00          |
| Distribution of Low and Moderate<br>Income Families throughout AA<br>Geographies                                                                                                                          | 14,181  | 0.00                                          | 6.30                                                          | 80.48            | 13.22            | 0.00          |
| Median Family Income for 2001<br>HUD Adjusted Median Family Income for 2000<br>HUD Adjusted Median Family Income for 2001<br>HUD Adjusted Median Family Income for 2002<br>Households Below Poverty Level |         | 38,056<br>48,000<br>51,700<br>56,500<br>7.27% | Median Housing Value<br>Unemployment Rate (1990<br>US Census) |                  | 162,116<br>3.96% |               |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 US Census; 2000, 2001, and 2002 HUD updated MFI

**CBM Boston (part) CMSA 1120 - 2000 & 2001**

| Demographic Information for Limited Scope Area: CBM CMSA 1120 - 2000                                                                               |           |                                     |                                                            |                  |                  |               |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------------------------|------------------------------------------------------------|------------------|------------------|---------------|
| Demographic Characteristics                                                                                                                        | #         | Low<br>% of #                       | Moderate<br>% of #                                         | Middle<br>% of # | Upper<br>% of #  | NA*<br>% of # |
| Geographies (Census Tracts/BNAs)                                                                                                                   | 910       | 7.36                                | 23.08                                                      | 46.48            | 20.77            | 2.31          |
| Population by Geography                                                                                                                            | 4,143,671 | 4.34                                | 20.12                                                      | 52.64            | 22.83            | 0.07          |
| Owner-Occupied Housing by Geography                                                                                                                | 893,947   | 0.98                                | 12.17                                                      | 57.83            | 29.02            | 0.00          |
| Business by Geography                                                                                                                              | 258,152   | 6.17                                | 14.59                                                      | 48.65            | 30.58            | 0.01          |
| Farms by Geography                                                                                                                                 | 4,286     | 1.10                                | 8.40                                                       | 56.35            | 34.16            | 0.00          |
| Family Distribution by Income Level                                                                                                                | 1,034,493 | 19.60                               | 17.84                                                      | 24.24            | 38.33            | 0.00          |
| Distribution of Low and Moderate Income Families throughout AA Geographies                                                                         | 387,241   | 7.51                                | 29.35                                                      | 50.97            | 12.17            | 0.00          |
| Median Family Income<br>HUD Adjusted Median Family Income for 2002<br>HUD Adjusted Median Family Income for 2001<br>Households Below Poverty Level |           | 48,688<br>65,500<br>70,000<br>8.69% | Median Housing Value<br>Unemployment Rate (1990 US Census) |                  | 184,019<br>4.29% |               |

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 US Census; 2000 and 2001 HUD updated MFI

**CBM - Boston - State Massachusetts CMSA 1120 - 2002**

| Demographic Information for Limited Scope Area: CBM - CMSA 1120 - 2002                               |           |                           |                                                               |                  |                  |               |
|------------------------------------------------------------------------------------------------------|-----------|---------------------------|---------------------------------------------------------------|------------------|------------------|---------------|
| Demographic Characteristics                                                                          | #         | Low<br>% of #             | Moderate<br>% of #                                            | Middle<br>% of # | Upper<br>% of #  | NA*<br>% of # |
| Geographies (Census Tracts/BNAs)                                                                     | 1,050     | 7.05                      | 22.38                                                         | 48.00            | 20.29            | 2.29          |
| Population by Geography                                                                              | 4,756,141 | 4.27                      | 19.63                                                         | 53.75            | 22.23            | 0.12          |
| Owner-Occupied Housing by Geography                                                                  | 1,030,648 | 0.93                      | 11.73                                                         | 59.12            | 28.22            | 0.00          |
| Business by Geography                                                                                | 290,551   | 6.38                      | 14.57                                                         | 49.51            | 29.52            | 0.02          |
| Farms by Geography                                                                                   | 4,976     | 1.00                      | 8.04                                                          | 57.68            | 33.26            | 0.02          |
| Family Distribution by Income Level                                                                  | 1,194,777 | 19.54                     | 17.78                                                         | 24.41            | 38.27            | 0.00          |
| Distribution of Low and Moderate Income Families throughout AA Geographies                           | 445,905   | 7.39                      | 28.52                                                         | 52.13            | 11.96            | 0.00          |
| Median Family Income<br>HUD Adjusted Median Family Income for 2002<br>Households Below Poverty Level |           | 48,688<br>74,200<br>8.69% | Median Housing Value<br>Unemployment Rate (1990<br>US Census) |                  | 184,019<br>4.29% |               |

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 US Census and 2002 HUD updated MFI

**CBM Providence - Fall River- Attleborough (Part) PMSA 6480 - 2000 & 2001**

| Demographic Information for Limited Scope Area: CBM PMSA 6480 - 2000                                                                               |         |                                      |                                                               |                  |                 |               |
|----------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------------------------------------|---------------------------------------------------------------|------------------|-----------------|---------------|
| Demographic Characteristics                                                                                                                        | #       | Low<br>% of #                        | Moderate<br>% of #                                            | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts/BNAs)                                                                                                                   | 42      | 2.38                                 | 40.48                                                         | 38.10            | 16.67           | 2.38          |
| Population by Geography                                                                                                                            | 211,698 | 0.22                                 | 32.48                                                         | 47.16            | 20.13           | 0.01          |
| Owner-Occupied Housing by<br>Geography                                                                                                             | 43,625  | 0.00                                 | 16.72                                                         | 57.60            | 25.68           | 0.00          |
| Business by Geography                                                                                                                              | 10,183  | 4.31                                 | 27.85                                                         | 46.88            | 20.96           | 0.00          |
| Farms by Geography                                                                                                                                 | 254     | 0.79                                 | 13.39                                                         | 49.61            | 36.22           | 0.00          |
| Family Distribution by Income Level                                                                                                                | 57,534  | 20.88                                | 18.37                                                         | 25.58            | 35.17           | 0.00          |
| Distribution of Low and Moderate<br>Income Families throughout AA<br>Geographies                                                                   | 22,580  | 0.29                                 | 49.23                                                         | 40.19            | 10.29           | 0.00          |
| Median Family Income<br>HUD Adjusted Median Family Income for 2000<br>HUD Adjusted Median Family Income for 2001<br>Households Below Poverty Level |         | 38,773<br>49,800<br>52,800<br>10.81% | Median Housing Value<br>Unemployment Rate (1990<br>US Census) |                  | 133,562<br>4.5% |               |

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 US Census; 2000 and 2001 HUD updated MFI

**CBM Providence, Fall River, Attleborough - State Massachusetts PMSA 6480 - 2002**

| Demographic Information for Limited Scope Area: CBM - PMSA 6480 - 2002                               |         |                            |                                                               |                  |                 |               |
|------------------------------------------------------------------------------------------------------|---------|----------------------------|---------------------------------------------------------------|------------------|-----------------|---------------|
| Demographic Characteristics                                                                          | #       | Low<br>% of #              | Moderate<br>% of #                                            | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts/BNAs)                                                                     | 44      | 2.27                       | 38.64                                                         | 36.36            | 20.45           | 2.27          |
| Population by Geography                                                                              | 224,744 | 0.21                       | 30.59                                                         | 44.43            | 24.77           | 0.01          |
| Owner-Occupied Housing by Geography                                                                  | 47,575  | 0.00                       | 15.33                                                         | 52.82            | 31.85           | 0.00          |
| Business by Geography                                                                                | 11,169  | 3.93                       | 25.39                                                         | 42.74            | 27.93           | 0.00          |
| Farms by Geography                                                                                   | 281     | 0.71                       | 12.10                                                         | 44.84            | 42.35           | 0.00          |
| Family Distribution by Income Level                                                                  | 61,243  | 20.29                      | 18.09                                                         | 25.33            | 36.29           | 0.00          |
| Distribution of Low and Moderate Income Families throughout AA Geographies                           | 23,505  | 0.28                       | 47.29                                                         | 38.61            | 13.82           | 0.00          |
| Median Family Income<br>HUD Adjusted Median Family Income for 2002<br>Households Below Poverty Level |         | 38,773<br>54,100<br>10.81% | Median Housing Value<br>Unemployment Rate (1990<br>US Census) |                  | 133,562<br>4.5% |               |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 US Census and 2002 HUD updated MFI

**CBM - Non MSA Area (Barnstable County) - 2000 & 2001**

| Demographic Information for Limited Scope Area: CBM - Non MSA Area - 2000                                                                          |        |                                     |                                                               |                  |                  |               |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------------------------------|---------------------------------------------------------------|------------------|------------------|---------------|
| Demographic Characteristics                                                                                                                        | #      | Low<br>% of #                       | Moderate<br>% of #                                            | Middle<br>% of # | Upper<br>% of #  | NA*<br>% of # |
| Geographies (Census Tracts/BNAs)                                                                                                                   | 15     | 0.00                                | 13.33                                                         | 66.67            | 13.33            | 6.67          |
| Population by Geography                                                                                                                            | 51,675 | 0.00                                | 11.00                                                         | 73.68            | 15.10            | 0.22          |
| Owner-Occupied Housing by<br>Geography                                                                                                             | 14,173 | 0.00                                | 6.60                                                          | 76.73            | 16.67            | 0.00          |
| Business by Geography                                                                                                                              | 5,145  | 0.00                                | 18.02                                                         | 65.50            | 16.48            | 0.00          |
| Farms by Geography                                                                                                                                 | 161    | 0.00                                | 6.21                                                          | 79.50            | 14.29            | 0.00          |
| Family Distribution by Income Level                                                                                                                | 13,939 | 18.70                               | 17.17                                                         | 24.37            | 39.75            | 0.00          |
| Distribution of Low and Moderate<br>Income Families throughout AA<br>Geographies                                                                   | 5,001  | 0.00                                | 13.68                                                         | 75.22            | 11.10            | 0.00          |
| Median Family Income<br>HUD Adjusted Median Family Income for 2000<br>HUD Adjusted Median Family Income for 2001<br>Households Below Poverty Level |        | 37,765<br>48,000<br>50,500<br>9.32% | Median Housing Value<br>Unemployment Rate (1990<br>US Census) |                  | 133,353<br>4.56% |               |

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 US Census; 2000 and 2001 HUD updated MFI

**CBM Non-MSA Area State - Massachusetts - 2002**

| Demographic Information for Limited Scope Area: CBM - Non-MSA Area - 2002                            |         |                           |                                                               |                  |                  |               |
|------------------------------------------------------------------------------------------------------|---------|---------------------------|---------------------------------------------------------------|------------------|------------------|---------------|
| Demographic Characteristics                                                                          | #       | Low<br>% of #             | Moderate<br>% of #                                            | Middle<br>% of # | Upper<br>% of #  | NA*<br>% of # |
| Geographies (Census Tracts/BNAs)                                                                     | 58      | 1.72                      | 10.34                                                         | 72.41            | 13.79            | 1.72          |
| Population by Geography                                                                              | 211,151 | 0.24                      | 9.39                                                          | 78.87            | 11.44            | 0.05          |
| Owner-Occupied Housing by<br>Geography                                                               | 56,142  | 0.04                      | 6.51                                                          | 80.71            | 12.73            | 0.00          |
| Business by Geography                                                                                | 17,031  | 1.74                      | 11.98                                                         | 73.06            | 13.23            | 0.00          |
| Farms by Geography                                                                                   | 676     | 0.15                      | 3.11                                                          | 81.21            | 15.53            | 0.00          |
| Family Distribution by Income Level                                                                  | 55,461  | 18.99                     | 17.87                                                         | 26.32            | 36.82            | 0.00          |
| Distribution of Low and Moderate<br>Income Families throughout AA<br>Geographies                     | 20,444  | 0.37                      | 13.28                                                         | 78.91            | 7.44             | 0.00          |
| Median Family Income<br>HUD Adjusted Median Family Income for 2002<br>Households Below Poverty Level |         | 37,765<br>52,100<br>9.32% | Median Housing Value<br>Unemployment Rate (1990<br>US Census) |                  | 133,353<br>4.56% |               |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 US Census and 2002 HUD updated MFI

**CBM Pittsfield MSA 6320 - 2002**

| Demographic Information for Limited Scope Area: CBM - MSA 6320 - 2002                                |        |                           |                                                               |                  |                 |               |
|------------------------------------------------------------------------------------------------------|--------|---------------------------|---------------------------------------------------------------|------------------|-----------------|---------------|
| Demographic Characteristics                                                                          | #      | Low<br>% of #             | Moderate<br>% of #                                            | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts/BNAs)                                                                     | 23     | 8.70                      | 17.39                                                         | 60.87            | 13.04           | 0.00          |
| Population by Geography                                                                              | 92,684 | 4.10                      | 18.52                                                         | 65.89            | 11.49           | 0.00          |
| Owner-Occupied Housing by<br>Geography                                                               | 24,134 | 0.96                      | 12.98                                                         | 71.26            | 14.79           | 0.00          |
| Business by Geography                                                                                | 5,578  | 15.63                     | 13.55                                                         | 64.07            | 6.74            | 0.00          |
| Farms by Geography                                                                                   | 147    | 1.36                      | 9.52                                                          | 76.19            | 12.93           | 0.00          |
| Family Distribution by Income Level                                                                  | 25,338 | 18.89                     | 19.43                                                         | 23.91            | 37.77           | 0.00          |
| Distribution of Low and Moderate<br>Income Families throughout AA<br>Geographies                     | 9,711  | 6.27                      | 26.70                                                         | 60.64            | 6.38            | 0.00          |
| Median Family Income<br>HUD Adjusted Median Family Income for 2002<br>Households Below Poverty Level |        | 39,104<br>50,400<br>8.98% | Median Housing Value<br>Unemployment Rate (1990<br>US Census) | 114,108<br>4.06% |                 |               |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 US Census and 2002 HUD updated MFI

**CBM Springfield MSA 8000 - 2002**

| Demographic Information for Limited Scope Area: CBM - MSA 8000 - 2002                                |         |                           |                                                               |                  |                  |               |
|------------------------------------------------------------------------------------------------------|---------|---------------------------|---------------------------------------------------------------|------------------|------------------|---------------|
| Demographic Characteristics                                                                          | #       | Low<br>% of #             | Moderate<br>% of #                                            | Middle<br>% of # | Upper<br>% of #  | NA*<br>% of # |
| Geographies (Census Tracts/BNAs)                                                                     | 120     | 10.83                     | 11.67                                                         | 53.33            | 19.17            | 5.00          |
| Population by Geography                                                                              | 596,775 | 9.72                      | 10.61                                                         | 59.39            | 19.99            | 0.29          |
| Owner-Occupied Housing by<br>Geography                                                               | 131,071 | 1.58                      | 6.20                                                          | 66.38            | 25.84            | 0.00          |
| Business by Geography                                                                                | 30,149  | 7.63                      | 14.38                                                         | 58.64            | 18.70            | 0.66          |
| Farms by Geography                                                                                   | 777     | 1.42                      | 5.15                                                          | 63.06            | 30.37            | 0.00          |
| Family Distribution by Income Level                                                                  | 149,868 | 20.90                     | 16.49                                                         | 24.36            | 38.25            | 0.00          |
| Distribution of Low and Moderate<br>Income Families throughout AA<br>Geographies                     | 56,034  | 15.36                     | 15.03                                                         | 58.27            | 11.33            | 0.00          |
| Median Family Income<br>HUD Adjusted Median Family Income for 2002<br>Households Below Poverty Level |         | 38,097<br>50,700<br>12.1% | Median Housing Value<br>Unemployment Rate (1990<br>US Census) |                  | 125,216<br>4.23% |               |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 US Census and 2002 HUD updated MFI



**THE COMMONWEALTH OF MASSACHUSETTS**

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

**CITIZENS BANK OF MASSACHUSETTS**

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **DECEMBER 2, 2002**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_

## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.



